

Agenda



Governance and Audit Committee

Date: Thursday, 27 July 2023

Time: 5.00 pm

Venue: Council Chambers - Civic Centre

To: Mr G.Chapman (Chair), Mr D.Reed (Deputy Chair), Dr N Barry, Councillors G Horton, S Cocks, J Harris, R Mogford and J Jordan

Item

- 1 Apologies for Absence
- 2 Declarations of Interest
- 3 Minutes of the Last Meeting (Pages 3 - 20)
- 4 Call in of Director of Social Services and Head of Service re the internal Audit of Adoption Allowances resulting in a Third Consecutive Unsatisfactory Opinion (Pages 21 - 34)
- 5 Call in the Strategic Director and Head of Service re the Unsound opinion for Children Services Safeguarding Childrens Money (Pages 35 - 54)
- 6 Update for Committee from the Head of Service on PTU Taxi Contracts resulting in a Second Unsatisfactory Opinion (Pages 55 - 60)
- 7 Corporate Risk Register Quarter 4 (Pages 61 - 106)
- 8 Audit Wales and Regulatory Bodies 6-month update (Pages 107 - 124)
- 9 Draft Statement of Accounts 2022/23 (Pages 125 - 254)
- 10 Annual Governance Statement Draft 2022/2023 (Pages 255 - 290)
- 11 Work Programme (Pages 291 - 294)
- 12 Date of Next Meeting
28 September 2023 at 5pm Council Chambers-Hybrid Meeting

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Draft Minutes

Governance and Audit Committee

Date: 25 May 2023

Time: 5:00pm

Venue: Council Chambers- Hybrid Meeting

Present: G Chapman (Chair), Mr D Reed, Dr N Barry, Councillors R Mogford, G Horton, J Jordan, S Cocks and J Harris

In attendance: R Cornwall, M Rushworth, D Palmer, L Mahoney, L Townsend, L Rowlands, P Tasker, A Jenkins

1. Apologies for Absence

1.1. None received.

2. Declarations of Interest

2.1. None received.

3. Minutes of the Last Meeting

3.1. The Minutes of the meeting on 30 March were agreed.

3.2. Recommendation: Dr Barry mentioned that there were no deadlines on the table of recommendations like there would be in a different context for actions or objectives and suggested that the recommendation table should be noted in the Minutes as good practice.

4. Appointment of Chairperson and Deputy Chairperson

4.1. Mr Chapman was nominated as Chair, seconded by Mr Reed, who was nominated and seconded as Deputy Chair.

5. Update on Elected member Related Party Declaration Forms

5.1. A verbal update from the Democratic and Electoral Services Manager was provided to the Committee.

- 5.2. The Democratic and Electoral Services Manager advised the Committee that there were 50 out of the 51 members who had submitted their completed forms and it was expected that the outstanding member would complete and submit their form by the following day.
- 5.3. Recommendation: The Chair asked if the Committee could be notified when all forms had been submitted otherwise, if there was still one form outstanding, the Councillor could be brought to the next committee in July to explain why they did not submit the form.

6. Call-in Strategic Director – Transformation and Corporate and the Head of Finance Re Purchasing Cards (Transactions) resulting in an Unsatisfactory Opinion

- 6.1. Following an Unsatisfactory Internal Audit opinion in relation to Purchasing Card (P-Card) Transactions, the Strategic Director, and the Head of Service responsible for the P-Card system were invited to the Governance and Audit Committee to provide assurances that appropriate improvements within service provisions and the control environment were made.
- 6.2. The Committee considered the explanations and assurances provided by the Strategic Director and the Head of Service in relation to the concerns raised by Internal Audit for P-Card Transactions, and the improvements that were made in service provision following an Unsatisfactory audit opinion.
- 6.3. This annual P-Card audit had been finalised, with a report and agreed action plan in place, and was issued in March 2023.
- 6.4. The Head of Finance advised that the audit findings had been discussed at the Corporate Management Team (CMT) and the executive board. This was therefore part of a wider action plan that had received the highest level of focus and would be subject to an annual follow up. As a result, a significant improvement in the audit findings were to be expected when revisited.
- 6.5. The Strategic Director for Transformation and Corporate added context by advising that the audit assessed a period towards the end of the covid pandemic, when operating differently was sometimes used as a workaround to ensure service provision. It was also important to explain the use of P-Cards within the Council which was essential as a lot of activity is responsive on a day-to-day basis. P-cards eliminated the need for petty cash and P-Cards are there to facilitate these exceptions where other procurement and purchase processes were not possible. The P-Card Policy had already been re-written and reissued, and new online training was available online. This had been available since 15 May and there was a deadline of 23 June for every authoriser, supervisor, and user to complete this session. Officers who had failed to complete the training by this deadline would have their P-Cards cancelled immediately. To date 77 Officers out of the total 217 had undertaken the training and this demonstrated how seriously the audit results were being taken. In addition, all the actions that had been put in place in the plan had been completed.

Committee Member Comments:

- 6.6. Dr Barry expressed confidence from what officers had said that these issues had been taken seriously, however did not accept that covid was a factor as policy should be followed regardless. When going through the action plan, Dr Barry considered that this was not a capability matter but a disciplinary matter. Dr

Barry felt that it was good to hear that training had been taken up and hoped that it would tackle the root cause of the problem. Dr Barry felt that strong management and supervision was needed. The Strategic Director for Transformation and Corporate referred to some of the management actions, in particular Appendix 2 where monthly inspections were put in place to ensure that staff were adhering to policy. With reference to covid, staff were operating in a remote way, therefore some things were harder to undertake than they had been previously, which had an impact on management control.

- 6.7. Dr Barry asked whether any disciplinary action been taken as a result and was advised by the Strategic Director for Transformation and Corporate that this was an HR issue that fell outside of the remit of the Committee, however he assured the Committee that any appropriate action would be taken.
- 6.8. Councillor Cocks felt that card supervisors were responsible for overseeing the use of P-Cards and asked how robust the process of checking was; he queried what the card supervisors were expected to do to uphold this part of the process. The Head of Finance advised that the policy had been updated to be more direct in regard to what was not acceptable and that training also contained direct instruction on what was not permitted and the consequences for this. The policy was therefore strengthened, and this was replicated in the training to be specific on the role of card holders and supervisors. The E Procurement Team also sends a notification to the relevant Head of Service if card supervisors have not carried out the necessary checks on transactions in any particular month. The Head of Finance confirmed that the last check and balance on this was the annual audit carried out by the central team.
- 6.9. Chair sought clarification on the Head of Finance's response for assurance that the wording in the policy be specified that all supervisors must carry out a specific level of sample checks on transactions. The Head of Finance advised that this was the case and that every transaction needed to be approved by the supervisor, including the supporting documentation for the transaction in the form of either an invoice or receipt.
- 6.10. Councillor Horton wanted assurance that emails in relation to each transaction were being read, understood, and actioned. The Strategic Director for Transformation and Corporate confirmed that there had been management meetings, training and policy re-launched, plus sanctions that come with not following the process. Emails were therefore part of that process and the training as part of the Meta compliance system would ensure that supervisors would fully understand every aspect of the process.
- 6.11. Cllr Mogford asked what the maximum spending limit on the cards was, and whether transactions are pre- or post-approved. The Head of Finance advised that the P-Cards came with a standard transaction limit. The Service Manager for Procurement and Payments advised that the limit was £100 per transaction with a maximum monthly spend limit of £5,000. The standard transaction limit could be varied by the card supervisor or Head of Service if it needed to be increased for exceptional purchases.
- 6.12. The Chair queried where the approval for any increases to the monthly threshold spend was authorised. He suggested that a Finance Officer should approve it rather than the service manager in these circumstances. The Head of Finance advised that any and all such requests came through the Procurement Team who would undertake a reasonable check and inform the Head of Service, especially as the Procurement Team would pick up any anomalies in spending immediately. In addition, if the Procurement Team were not happy, they would report directly to the Head of Finance.

- 6.13. Recommendation: With regard to the training, the Chair suggested that if the remaining 140 Officers holding a P-card had not completed their training within the required deadline of 23 June, those staff outstanding should have their P-Cards removed. Further to this, the Chair asked for figures to be made available of staff that did not complete the training to be brought to the July Committee. The Head of Finance agreed to these suggestions and also advised that all new card holders would also need to undertake training in the future before being allocated a P-card.
- 6.14. Recommendation: The Chair also referred to Page 31 Appendix 1 Table 4b 'completed action' and 'work in progress' for communications to be issued to all staff regarding parking/speeding tickets when using a vehicle on council duty. The Chair reflected that this could not be done until the fleet management policy was updated, but the implementation date for this was 20 June. The Chair asked for confirmation on when these actions would be done. The Strategic Director for Transformation and Corporate confirmed he would check on this and would find this information by the next meeting.
- 6.15. Recommendation: The Chair also advised that in Appendix 1 Table 4b, action was in progress to recover the cost of parking / speeding fines; the Chair therefore asked for an update on the outcomes of this action. The Strategic Director for Transformation and Corporate assured the Chair that appropriate measures would be taken such as disciplinary action, if needed.
- 6.16. The Chair felt that great progress had been made and thanked the Audit Team and CMT for addressing these issues and looked forward to the results of the internal audit review to take place within six months.

Resolved:

- 6.17. That Members of the Governance and Audit Committee:
Accepted the explanations and assurances of the Strategic Director and the Head of Service, which would be confirmed via the follow up internal audit planned for 2023/24.

7. Update on PTU Taxi Contracts resulting in Second Unsatisfactory Opinion – January 2023

- 7.1. The follow up audit was carried out during February and May 2022 with the weaknesses and agreed management actions summarised in the briefing note attached to the agenda papers. Work had been undertaken by the service area to implement each of the actions outlined in the briefing note and it was noted that these actions were now completed.
- 7.2. The above-mentioned table on pages 41 to 45 summarised the outstanding individual weaknesses identified during the follow up review.

Committee Member Comments:

- 7.3. Dr Barry was concerned about the future management of this, for example what was being done to ensure DBS checks were up to date and wanted assurance that it would be managed appropriately in the future. Dr Barry expressed concern that additional resources had been allocated to an area she considered

to be performing poorly when resources had been cut in other areas. The Head of City Services advised that a business case was presented to the executive board in relation to PTU, in recognition of workloads that had increased. It was recognised that the extra resource was needed, not solely for checking driver's licences but additional functions across the PTU. In addition, the computer system was not adequate to issue alerts when DBS and licence checks were due. Therefore, a weekly system was developed to provide drivers ample time to renew their DBS forms before they expire.

- 7.4. Councillor Jordan asked how long in advance would the DBS reminders take place. The Head of City Services advised that the reminder would take place six weeks in advance, this was in the form of an email and a follow up phone call.
- 7.5. Chair referred to the training of escorts and wanted assurance that every escort had undertaken training. The Chair was advised that these were checked weekly and that they were up to date.
- 7.6. In relation to communication with Education, PTU and stakeholders who met on a regular basis, the Chair asked when the group last met. The Head of City Services advised that they had last met earlier that week and these meetings were held monthly. The Head of Corporate Safeguarding also attended this group.
- 7.7. D Reed mentioned that it was good to see the progress which was ongoing.
- 7.8. The Chair also thanked the Head of Service and gave credit to the team on their progress.
- 7.9. Recommendation: The Chair also requested an update from the Head of City Services at the next Committee in July on the contemporary figures, and at the subsequent committee to demonstrate their continuing progress.

Resolved:

- 7.10. The Governance and Audit Committee noted the update from the Head of City Services and requested further updates for the next two committee meetings.

8. Update on Call-in of Strategic Director for Social Services and Head of Service re the Internal Audit of Adoption Allowances resulting in a Second Unsatisfactory Opinion – January 2023

- 8.1. A verbal update was provided to the Committee by The Acting Chief Internal Auditor, who met briefly with the Strategic Director, Head of Service and Service Managers the day before this committee.
 - Additional capacity had now been made available to support the process.
 - There were some staffing challenges that were being dealt with.
 - Discussions were ongoing as to where Adoption Allowances were overseen.
 - A second Audit follow up report was still in draft. Service Managers were meeting to agree management actions. The Audit Team would be meeting with them shortly to agree the action plan and timescales for implementation and then finalise the audit report.

- 8.2. It was understood that the Strategic Director and Head of Service were invited to the committee meeting in July to provide an update.
- 8.3. The Chair advised that committee members had an opportunity to question the Strategic Director for Social Services at the next meeting in July.

Resolved:

- 8.4. That the Committee noted the comments of the Acting Chief Internal Auditor and that the Strategic Director for Social Services would be invited to the next meeting on 27 July.

9. Treasury Management Outturn Report – 2023/24

- 9.1. In line with the agreed Treasury Management Strategy, the Council continued to be both a short-term investor of cash and borrower to manage day-to-day cash flows. Current forecasts indicated that, in the future, temporary borrowing may be required to fund normal day-to-day cash flow activities and longer-term borrowing would increase to fund commitments in the current capital programme, as well as the impact of reduced capacity for 'internal borrowing'.
- 9.2. The Authority also invested in three covered bonds within 2022-23, totalling £10m, in line with the Council's Treasury Management Strategy, which stated that the Council would consider long term investments of up to £10m.
- 9.3. During the year, the Council's total borrowing had reduced from £142.1m to £138.6m and total investments reduced from £58.3m to £47.2m, meaning overall the Council net borrowing increased by £7.6m to £91.4m as at 31 March 2023.
- 9.4. The report confirmed that all prudential indicators were complied with during 2022/23.

Committee Member Comments:

- 9.5. Councillor Cocks asked how slippage was being managed in relation to the Capital Schools Programme, as this had been delayed due to Covid. The Assistant Head of Finance mentioned that the Capital Programme overall was set and agreed by Cabinet and was profiled as realistically as it could be. The Finance team were looking at the governance arrangements to manage the risk of slippage based on the evolving economic factors. Covid was a factor, as well as inflation, however it is being monitored and managed closely.
- 9.6. Councillor Cocks went on to ask if the Welsh Government would provide funding to help the Council. The Assistant Head of Finance advised that Welsh Government was always open to discussions and opportunities to provide more funding but still requires the Council to manage any differences in the programme.
- 9.7. The Chair reminded Councillor Cocks that the Governance and Audit Committee's role was to ensure that staff had treasury management and prudential indicators under control. As a committee needed to be assured that the programme was fundable to meet the respective commitments and any changes were monitored by officers.
- 9.8. Dr Barry commented that it was an excellent paper, and it gave assurance to the Committee Members and thanked the Assistant Head of Finance. Dr Barry referred to the £10.6M of Council owned property and asked was capacity and

any opportunity to generate revenue being reviewed. The Strategic Director for Transformation and Corporate advised that the assets across Newport were operational in nature and that the vast majority of assets were schools, commercial industrial and land. There was a project in place to develop a new asset strategy and maximising the income associated with the assets, by way of repurposing, disposal, and asset transfer. The Assistant Head of Finance also added that the £10.6M was mainly investment property, which would generate a return.

- 9.9. Recommendation: D Reed referred to page 50, point 13 and asked if there was an error in in the Investment and Accrued Interest figures. The Assistant Head of Finance would check the figures for accuracy and amend accordingly before it was reported back to Cabinet in June.
- 9.10. The Chair echoed Dr Barry's comments that this was an excellent report with a good training session prior to committee and thanked everyone that contributed to the report.

Resolved:

- 9.11. The Governance and Audit Committee noted the report on treasury management activities for the period 2022-23 and provided comments to Cabinet/Council.
- 9.12. It was also recommended by the Governance and Audit Committee that this be kept under regular review.

10. Internal Audit Annual Report 2023/24

- 10.1. The Newport City Council Internal Audit was an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helped an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 10.2. This report was prepared in accordance with the Public Sector Internal Audit Standards. It gave an overall opinion on the adequacy and effectiveness of the City Council's internal controls during 2022/23, which was **Reasonable** - Adequately controlled although risks were identified which may compromise the overall control environment; improvements required; reasonable level of assurance.
- 10.3. For 2022/23 the overall opinion was based on the approved Revised Internal Audit plan 2022/23 (July 2022). The full year plan was based on delivering 1073 audit days. Reliance on previous years' audit work was also taken into consideration in arriving at this year's opinion in that there have been no significant systems or staff changes.
- 10.4. The second part of the report related to the performance of the Internal Audit Section and how well its key targets in the year were met. 77% of the approved audit plan was completed for the year against a target of 80%.

Committee Member Comments:

- 10.5. Dr Barry mentioned that it was a good report with good overall performance considering staff stretched on resources. The Acting Chief Internal Auditor advised that any issues would be escalated to the Head of Service if necessary

as well as the operational managers. Audit ensure that their Terms of Reference were circulated in advance to get everyone on board. Sometimes there were difficulties but there were mechanisms in place to overcome this if necessary. The Strategic Director for Transformation and Corporate agreed with Dr Barry's further comments that this was a concern and would hinder audit carrying out their work. The Chair suggested that if there were issues with escalating audits that it should be referred to the following committee meeting.

- 10.6. Dr Barry was concerned that audit was not able to access a certain level staff and documentation, 9% of the report's actions were not implemented and that due to resource issues, there was no assurance that actions were carried out. This was noted by the Head of Finance.
- 10.7. Dr Barry did not recall any information on the National Fraud Initiative (NFI) coming to this committee and wondered whether it should. The Acting Chief Internal Auditor advised that audit had not provided any detailed report regarding the NFI. The Head of Finance confirmed this however would be brought to committee following the next exercise; this ran every two years. The Chair added that Audit Wales were undertaking a review of the authority and the NFI and a report would be available within the next six to eight weeks.
- 10.8. D Reed asked was there any reason committee should not be calling in an unsound report. The Acting Chief Internal Auditor advised that the report had been finalised, with a comprehensive action plan in place. Audit had dealings with the Strategic Director and service managers who had taken this seriously and it was raised at the Executive Board. In the past it was standard practice to call in the second unfavourable audit opinion, but this was committee's decision.
- 10.9. D Reed also referred to page 70, paragraph 25, were 146 delegates received training during the year and that HR were going to get involved in training. Was there any context in the numbers, for example, of how many people overall should take the training and what would be put in place to ensure training was completed. The Strategic Director for Transformation and Corporate explained that HR was going through the process of redefining mandatory training for staff. There was a new system in place called Meta Compliance to push training out to staff, this would hold a record of completed training which would provide detailed information for future reports. Training that was considered mandatory changed, particularly over the last few years with the pandemic. Training was carried out through the NHS portal, but this was unreliable. Training was not undertaken by HR, but HR's element was understanding who undertook the training.
- 10.10. The Chair asked the Strategic Director if they knew how many individuals had undertaken mandatory training and who did not complete the training and what was the sanction. The Strategic Director advised that it was complex and there were approximately 5,700 staff, of which 3.5K worked and they had their own set of mandatory training. There was approximately 700 people working in Social Services who also had their own set of mandatory training and recorded through Welsh Community Care Information System (WCCIS). Corporately, there was a series of mandatory training modules which would now be pushed out via Meta Compliance. The complex part was the understanding of the job roles and the mandatory training associated with the job roles. Job roles and descriptions were also being reviewed, as there were 850 different job descriptions. Therefore, it was quite complex but there was a solution being put in place.
- 10.11. D Reed referred to the Southwest Audit Partnership who were supporting audit with their work and asked what premium was being paid for that service over and above the expected job scale rate. The Acting Chief Internal Auditor

advised that the external resources costed around 50% more in a substantive role.

- 10.12. D Reed appreciated that audit was under resourced, and asked were alternative arrangements being considered. The Head of Finance agreed that resources were an issue as well as in other areas across the council, which was similar to other councils in Wales. There were resilience issues and different operational models were being looked into such as the regional service and had made initial informal contact and should receive communication towards the end of summer. The filling of the more junior vacancies was being looked into in the meantime.
- 10.13. Chair referred to Appendix C where jobs were not completed by year end, there were three high risks. Why were they not dealt with ahead of medium risk matters and how many on the list had been carried over from the previous years. The Acting Chief Internal Auditor advised that the three high risks, the corporate governance follow up at year end was delayed. Car Parks was in progress at year end but did not get to drafting report stage, but this report would be in draft shortly. Regarding Housing Needs, audit was asked to delay because of the new Head of Service, which started in October, but it was down to resources in the team. It was therefore started but was last minute and was currently a work in progress. There were three medium risk schools planned but the audit team was refused entry as it was during the teacher's strike. This was relayed back to the Head of Service. There were reviews currently in progress on the audit plan.
- 10.14. Chair remarked that if there were issues within the schools, it was important contact Head Teachers to visit schools to undertake the audit. The Chair asked the Strategic Director was there a statutory basis to enter schools.
- 10.15. Recommendation: The Strategic Director advised that if the Chair wanted to add this as an action, he and The Acting Chief Internal Auditor would contact the Chief Education Officer to discuss this to see what could be done, this was however an ongoing issue.
- 10.16. D Reed asked as a committee, if there was an unsound report regarding Safeguarding – Children's Money, should they be called in. The Chair understood that a final report was issued and agreed that they should be called. This was the first unsound report received by the Committee, but they were unsatisfactory in the past.
- 10.17. Recommendation: Therefore, the Chair considered that they should be called in to committee.
- 10.18. D Barry agreed with the Chair's comments and asked was there any reason why the committee could not see the full report for context.
- 10.19. Recommendation: Chair suggested that this should be dealt with in a private session. The Strategic Director advised that it was one way forward, but it would need to be discussed with the Monitoring Officer as a Part 2 report. The Committee may wish to discuss the themes around the report.
- 10.20. The Chair remarked that there were capacity issues and asked the Head of Finance that if the council was failing in discharging duties, would it be worthwhile providing a short report to this committee to get reassurance that losing staff would not have an impact, for the next budget round. The Chair did declare an interest with regards to the regional consortium, as it reports to other committees that the Chair facilitates. If staff were used in the consortium, would this be the way forward. The Head of Services advised that it was the vacancies that were a problem and that was where the potential collaboration would have

benefits and would bring resilience, experience, and skillset. The Head of Finance advised that the consortium had been approached and would hear by the end of summer as previously mentioned. Generally, however, it was around the level of assurance but was not an absolute thing. The Regional Body would also help.

Resolved:

- 10.20. The Governance and Audit Committee noted and endorsed the Annual Internal Audit Report 2022/23 and overall Audit Opinion.
- 10.21. The Strategic Director for Social Services be Called in regarding the Unsound Audit Opinion for Children Services Safeguarding Children Money
- 10.22. The Monitoring Officer be contacted to see if this should be discussed as Part 2 item.
- 10.23. Report taken to GAC regarding staffing / auditing resources and capacity in the Audit Team in relation to the regional consortium at a future meeting.

11. Internal Audit Annual Plan 2023/24

- 11.1. Newport City Council's Internal Auditing was an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helped an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- 11.2. It objectively examined, evaluated, and reported on the adequacy of internal control as a contribution to the proper, economic, effective, and efficient use of the Council's resources.
- 11.3. The attached report was the Operational Internal Audit Plan for 2023/24 based on an assessment of risk and available audit resources for the 12 months of the financial year. The plan was based on delivering 862 audit days.
- 11.4. The Council's Section 151 Officer had the legal responsibility for the provision of Internal Audit.

Committee Member Comments:

- 11.5. Recommendation: D Reed referred Appendix 3 and asked if the risk column could also be included and in addition, of the same Appendix, there were 74 areas that had never been audited and 223 items that were not audited after 2019/20; how material was this. The Acting Chief Internal Auditor explained that some areas were never audited but behind the audit plan was information and discussions in terms of how the audit team arrived at the audit plan and it was based on the available days. Discussions take place with Heads of Services to see which areas were of priority and some areas do get bumped. Covid had an impact, and audit had struggled with vacancies, which had a knock-on effect. Prioritising jobs was subjective, there was a continual balance. Discussions took place every year to arrive at this audit plan.
- 11.6. Councillor Cocks asked was it the Head of Service that decided the level of risk. The Acting Chief Internal Auditor advised that the Head of Service had influence over the audit plan as well as the Corporate Risk Register, including other factors, such as the executive board and independent review before it was approved, including the Head of Finance.

- 11.7. Councillor Cocks added that the council budget was to focus on delivering services to the most vulnerable and wondered how this played into the plan for example the school meals contract was being audited but Councillor Cocks felt that there were other areas that could be audited in relation to vulnerable people, such as Children with ALN and out of county placements which would be of some concern regarding the financial restrictions. The Acting Chief Internal Auditor mentioned that there were lots of influencing factors and Heads of Service had an opportunity to contribute to the audit plan. The key issues mentioned might not feature in the Audit Plan but could be other internal reviews of service areas taking place where duplication would be avoided such as ESTYN or Audit Wales, these issues were taken into account.
- 11.7.1. The Strategic Director also added that every year the Council ran a workshop with regulatory Bodies, ESTYN, Health Care Inspectorate Wales and Audit Wales and the audit team fit into the assurance work frame. This could be noted for review however if the Chair agreed. Councillor Cocks also added that auditing resources were being undertaken in auditing schools rather than other service areas. Was audit therefore reviewing the school budget and spending or other areas such as exclusion and ALN. The Acting Chief Internal Auditor mentioned that there was a standard programme looking at budgets and purchasing, income, governance, banking, and statutory policies. A themed review into exclusions across the schools. Each audit had a different scope but there was a range of different areas covered in the school audit, not purely financial administration. The Strategic Director added that part of the function of central education service that covered Gwent was to give assurance around points that Councillor Cocks raised.
- 11.8. Dr Norma Barry commented that she did not recall the Audit Wales reports coming to Committee. The Acting Chief Internal Auditor confirmed that they had been considered by Committee as part of the regulatory reports on a periodic basis. Dr Barry stated that it was important as a committee that the council was addressing the actions in those reports.
- 11.9. The Strategic Director stated that committee received the regulatory reports both as part of the Terms of Reference and part of the Committees statutory responsibility to monitor the Councils work against the recommendations that came out of the regulatory bodies.
- 11.10. The Chair stated that if the Committee received a report from Audit Wales and there were specific recommendations then the Committee needed to track them. This was in case Estyn arranged an inspection and would be able to pick up on actions that were not followed-up.
- 11.11. The Strategic Director stated that the last report included a table which stated the regulatory body, the recommendations given, what actions were taken and what committees oversaw this. For example, educational items were discussed at the Scrutiny Committee for People, which meant the Governance and Audit Committee's role would be to make sure there were mechanisms in place for delivery against that action rather than monitoring the delivery of the action.
- 11.12. Chair highlighted that there were 48 audits for 2023/24 and only 38 audit opinions were delivered last year and there were 27 non opinion jobs. The Chair did not therefore want audit to be set up to fail by over committing and under delivering. The Acting Chief Internal Auditor explained that this was assuming that vacancies were filled in October and also buying in a resource for 80 days. Chair asked were the jobs going out to advert and was there a salary saving. The Head of Finance explained that he and The Acting Chief Internal Auditor were actively looking into the recruitment process.

- 11.13. Recommendation: The Chair asked was it possible to prioritise the high-risk audits first and then carry out the medium risk audit. The Acting Chief Internal Auditor said that it was possible but that the team was limited in resource as high-risk audits needed a principal auditor to undertake these.
- 11.14. The Acting Chief Internal Auditor advised that the 'never' meant that it had never been audited under that specific job title, but that did not necessarily mean that there was no job coverage in that areas. There could have been a common theme audit or cross cutting review which was why that specific audit job was never audited.
- 11.15. Recommendation: The Chair suggested that it might be worthwhile indicating on the table that it may have been covered, by adding an asterisk to say it was covered under another theme to give re-assurance. The Acting Chief Internal Auditor agreed that this could be looked into for the 2024/25 Plan.

Resolved:

- 11.16. The Internal Audit Annual Plan 2023/24 be noted and approved by the Council's Governance and Audit Committee.

12. Forward Work Programme

- 12.1. The purpose of a forward work programme helped ensure Councillors achieved organisation and focus on the undertaking of enquiries through the Governance and Audit Committee function. This report presented the current work programme to the Committee for information and detailed the items due to be considered at the Committee's next two meetings.

Resolved:

- 12.2. The Governance and Audit Committee endorsed the proposed schedule for future meetings, confirmed the list of people it would invite for each item and indicated whether any additional information or research was required.
- 12.3. Safeguarding Children's money be added to the Work Programme for the next committee meeting.
- 12.4. That the Governance and Audit Committee Annual report be added to the Work Programme, to be discussed with the Strategic Director for Transformation and Corporate.

13. Date of Next Meeting

- 13.1. The next meeting would take place on 27 July 2023 at 5pm.

Date Raised	Item	Recommendation	Responsible Officer	Status
	<p>Minute Item: 4</p> <p>Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts resulting in Second Unsatisfactory Opinion</p>	<ol style="list-style-type: none"> 1. That Education is contacted to ensure that the process for regular monitoring and escalating issues is clearly defined and mutually understood. 2. That the lead time given by the CTX system flagging up when a DBS check was due for renewal is confirmed. 3. That an internal working group is considered for further development to formalise the collaborative approach to monitoring and problem solving. 4. A written update report be provided to the Committee in 3 months time to provide an update to include; up to date facts and figures, DBS Checks for drivers and escorts and an indication of what continuation training was in place 5. The Strategic Director and Head of Service attend Committee in 6 months time to provide a further update. 	<p>Head of City Services</p> <p>Head of City Services</p> <p>Head of City Services</p> <p>Head of City Services</p> <p>Strategic Director for Environment and Sustainability / Head of City Services</p>	<p>CLOSED</p> <p>Updates provided at Governance and Audit Committee meeting on 25/03/23</p>
	<p>Agenda Item 6:</p> <p>Corporate Risk Register (Quarter 2)</p>	<ol style="list-style-type: none"> 1. Risk around children's service and staff sickness appear to be an issue throughout Wales. Collaborative work with other Welsh authorities or the WLGA may help to mitigate this. Regarding the Medium Term Financial Plan; the Council may consider stimulating the local market to help address issues regarding out of county placements. Whilst these questions are not relevant for 	<p>Strategic Director for Transformation and Corporate</p>	<p>CLOSED</p> <p>Recommendation shared with Head of Children Services</p>

		Governance and Audit Committee, they will be reported back to the relevant Head of Service.		
	Agenda Item 7: Audit Wales and Regulatory Bodies Six Month Update	1. Evidence of the process underpinning the action plan will be shared with the Committee as a link to the published plan; scrutinisation of the plan itself will be carried out in other committees as part of the governance processes.	The Policy and Partnership Manager	CLOSED Shared with Governance and Audit Committee via email
	Agenda Item 8: Internal Audit Plan – Progress (Quarter 3)	<p>The Chair requested that the minutes of the committee be fed back to Cabinet regarding a reduction in audit staff, and that the Head of Service reconsider his decision under their delegated powers. This was not a unanimously held opinion.</p> <p>That the Strategic Director, Transformation and Corporate and the Head of Finance be invited to the next meeting to provide an update regarding the investigation into Purchase Card useage.</p>	<p>Strategic Director for Transformation and Corporate</p> <p>Strategic Director for Transformation and Corporate / Head of Finance</p>	<p>CLOSED Feedback from committee was communicated</p> <p>CLOSED Included on the agenda for the meeting on 25th May 2023</p>
23/05/23	Agenda item 3: Minutes of the Last Meeting	That deadlines are added to the table of recommendations and noted in the minutes as good practice	Democratic and Electoral Services Manager	CLOSED The table outlines the recommendations of committee and

				<p>provides an update on progress at the next meeting.</p> <p>Recommendations have now been highlighted in minutes of the meetings.</p>
25/05/23	<p>Agenda item 5:</p> <p>Update on Elected member Related Party Declaration Forms</p>	That the committee be notified when all forms had been submitted.	Democratic and Electoral Services Manager	<p>CLOSED</p> <p>Committee notified by email that all forms have now been completed and submitted.</p>
23/05/23	<p>Agenda Item 6:</p> <p>Call-in Strategic Director – Transformation and Corporate and the Head of Finance Re Purchasing Cards (Transactions) resulting in an Unsatisfactory Opinion</p>	<ol style="list-style-type: none"> 1. Figures to be provided of staff that did not attend the training on the use of P-Cards within the required deadline of 23 June. 2. Clarification on Page 31, Appendix 1, Table 4b Completed Action and Policy Implementation date of 20 June. 3. Page 31, Appendix 1, Table 4a – an update on recovering the cost of parking / speeding fines. 	<p>Strategic Director for Transformation and Corporate</p> <p>Head of Finance</p> <p>Strategic Director for Transformation and Corporate</p>	
23/05/23	<p>Agenda Item 7:</p> <p>Update on PTU Taxi Contracts resulting in</p>	The Chair requested an update for the next two committee meetings regarding progress.	Head of Infrastructure	

	Second Unsatisfactory Opinion – January 2023			
23/05/23	Agenda Item 8: Update on Call-in of Strategic Director for Social Services and Head of Service re the Internal Audit of Adoption Allowances resulting in a Second Unsatisfactory Opinion – January 2023	That the Strategic Director for Social Services would be invited to the next meeting on 27 July to provide an update on progress.	Strategic Director for Social Services	
23/05/23	Agenda Item 9: Treasury Management Outturn Report – 2023/24	Clarification of Investment and Accrued Interest figures on page 50, point 13 would be checked for accuracy and amend accordingly before it was reported back to Cabinet in June.	Assistant Head of Finance	
23/05/23	Agenda Item 10: Internal Audit Annual Report 2023/24	<ol style="list-style-type: none"> 1. The Strategic Director for Transformation and Corporate, along with the Audit Manager contact the Chief Education Officer to discuss auditors entering schools during industrial disputes. 2. The Strategic Director for Social Services be Called in regarding the Unsound Audit Opinion for Children Services Safeguarding Children Money 	<p>Strategic Director for Transformation and Corporate / Acting Chief Internal Auditor</p> <p>Strategic Director for Social Services</p>	

		<ol style="list-style-type: none"> 3. The Monitoring Officer be contacted to see if this should be discussed as Part 2 item. 4. Report taken to GAC at a future meeting regarding staffing / auditing resources and capacity in the Audit Team in relation to the regional consortium. 5. Consider making changes to Appendix 3 so that areas are grouped as per their status under the risk column 6. Consider adding an indicator to service areas have been assessed by themes in wider audits. 7. High risk audits to be prioritised within the capacity of Principal Auditor resource available. 	<p>Strategic Director for Transformation and Corporate /Head of Law and Standards</p> <p>Head of Finance</p> <p>Acting Chief Internal Auditor</p> <p>Acting Chief Internal Auditor</p> <p>Acting Chief Internal Auditor</p>	
23/05/23	Item 12: Forward Work Programme	That the Governance and Audit Committee Annual report be added to the Work Programme, to be discussed with the Strategic Director for Transformation and Corporate.	Strategic Director for Transformation and Corporate	

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Report

Governance & Audit Committee

Part 1

Date: 27th July 2023

Subject 3rd Consecutive Unsatisfactory Audit Opinion – Adoption Allowances – Governance & Audit Committee Call In

Purpose For Members of the Council's Governance & Audit Committee to:

- i) Consider the explanations and assurances provided by the Strategic Director and the Head of Service responsible for Adoption Allowances that improvements will be made in service provision following 3 consecutive Unsatisfactory audit opinions.

Author Acting Chief Internal Auditor

Ward General

Summary Following **3 consecutive *Unsatisfactory Internal Audit opinions***, the Strategic Director and the Head of Service responsible for Adoption Allowances have been invited into Governance & Audit Committee to provide assurances that appropriate improvements within service provisions and the control environment will be made. Initially improvements had been made, but subsequently Internal Audit were made aware that no service was being provided for a period of time, which resulted in a 2nd unsatisfactory audit opinion. A 2nd follow up has since been undertaken and the area continues to be not well controlled. A 3rd consecutive unsatisfactory audit opinion has been issued – being the original audit (September 2019) and two follow up audits (December 2021 & July 2023).

Proposal That Members of the Governance and Audit Committee

- i) accept the explanations and assurances of the Strategic Director and the Head of Service, which will be confirmed via a 3rd follow up internal audit

or

- ii) don't accept the explanations and assurances provided and escalate concerns to the Chief Executive and Executive Board.

Action by Governance & Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

Signed

Background

	Original Audit 2018/19	1 st Follow up Audit 2020/21	1 st Follow up Audit Revised Opinion	2 nd Follow up Audit 2022/23
Opinion	Unsatisfactory	Reasonable	Unsatisfactory	Unsatisfactory
Date	Final (September 2019)	Draft (April 2021*)	Final (December 2021*)	Final (July 2023)

* Audit testing started in November 2020 but due to a lack of completed assessments, was postponed until February 2021. Delays were due to key staff not being in work.

1. The Public Sector Internal Audit Standards requires the Chief Internal Auditor to present a formal annual report to the Governance & Audit Committee which includes audit opinions issued and to disclose any qualifications to the overall opinion.
2. The Strategic Director and the Head of Service responsible for Adoption Allowances have been invited into Governance & Audit Committee to:
 - a) Explain why there continues to be weaknesses in control despite previous assurances given that improvements would be made
 - b) Provide assurances on the implementation of the agreed management actions taken to demonstrate improvement in the control environment
 - c) Include a timeline as appropriate.
3. The original audit review on Adoption Allowances was undertaken during 2018/19 and an **unsatisfactory** audit opinion was given.
4. The first follow up audit commenced during 2020/21 and a draft follow-up internal audit report for Adoption Allowances was issued on the 15th April 2021. On the basis of the audit testing completed during March 2021, this report was issued with an improved draft audit opinion of 'Reasonable'.
5. However, over the proceeding months there was a delay in receiving a formal response from management to the draft follow up report. In June 2021, Internal Audit were advised by the Commissioning and Contracts Manager that the Principal Officer and the Finance Officer were both absent from work with no clear return to work date and that a response to the report could not be provided until these officers returned to work.
6. Internal Audit followed this up in July and September 2021. The Commissioning and Contracts Manager stated that adoption allowance assessments and annual reviews had not been conducted since the Finance Officer began their absence in May 2021 and there was now a considerable backlog of work both from this and the other duties which the officer undertook; there was no alternative resource within the team to complete these assessments / annual reviews and there was no other officer within the Council sufficiently trained to understand how to complete these.
7. A meeting was held between the Strategic Director (Social Services), Service Management, Accountancy and Internal Audit in October 2021 to discuss a way forward until the Finance Officer was able to return to work. It was agreed that the Strategic Director would discuss

with the appropriate Cabinet Member a proposal to increase all current allowances by an agreed percentage. Adopters would be contacted in writing to confirm this arrangement and all annual assessments would then be completed as a priority during the 2022/23 financial year. A working group would also be established to review the current procedures to ensure there was capacity within the service to not only undertake the urgent assessments but to ensure that more staff understood the process to add resilience in case of any future staff absences.

8. Due to this, and subsequent to the original draft follow up report being issued (as Reasonable), there was now an unacceptable level of risk within the Adoption Allowances service and Internal Audit revised the audit opinion to reflect this. Consequently, a second '**Unsatisfactory**' assurance rating was issued (December 2021) which reflected that Adoption Allowances continued to be not well controlled and changes were required urgently.
9. The Strategic Director and Head of Service attended Governance & Audit Committee in October 2022 as a call in, due to the 2nd consecutive unsatisfactory audit opinion. At this meeting, assurances were provided that improvements would be made to the Adoption Allowances service.
10. The 2nd follow up audit commenced during 2022/23 and despite previous assurances provided, improvements in control could not be evidenced. A small number of new weaknesses were identified as part of this review where appropriate controls were found not to be in place. In addition, some weaknesses originally rated as a moderate risk were re-assessed as now being an outstanding significant risk. None of the outstanding weaknesses from the previous follow up had been fully implemented. As a result, a 3rd consecutive **unsatisfactory** audit opinion was issued. (Draft – March 2023 / Final – July 2023) A 3rd follow up audit has been included in the Internal Audit Plan for 2023/24.
11. The Summary of Outstanding Weaknesses identified from the 2nd follow up audit can be seen in **Appendix 1**.
12. The Action Plan (from the 3rd consecutive unsatisfactory audit opinion – 2nd follow up) showing agreed management comments and actions to address the outstanding weaknesses can be seen in **Appendix 2**. Current progress and timescales for implementation have been detailed in the end column by the responsible Service Managers.

Financial Summary (Capital and Revenue)

13. There are no material financial issues related to this report, although improvements in controls in respect of the administration of Adoption Allowances should result in more efficient and effective processes.

Risks

14. If management action is not taken to improve the control environment and increase service delivery resilience, service users may not receive an efficient and effective service, the number of complaints may increase and could lead to reputational damage.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Poor internal controls could impact on effective and efficient service delivery, increase in complaints from service users and negative impact on reputation.	M	M	The Strategic Director has agreed a way forward to support service delivery. Internal Audit will undertake a further follow up audit (#3) to verify that agreed action has been taken to improve service delivery.	Strategic Director – Social Services

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

15. Giving Management assurance on the systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision and looking after the public pound makes our City a better place to live for all our citizens, hence delivering an ambitious, fairer, greener Newport for everyone. (Corporate Plan 2022-2027).

Options Available and Considered

16. This is a factual progress report and therefore there are no specific options to be considered; there are no decisions to be made further to the proposals noted above.
17. Members of the Governance & Audit Committee are asked to either accept the assurances from the Strategic Director and Head of Service or refer their concerns onto the Chief Executive and Executive Board.

Preferred Option and Why

18. Members of the Governance & Audit Committee to decide.

Comments of Chief Financial Officer

19. This report is the result of the processes which the Council's Internal Audit follows where follow up audits are made following unsatisfactory/unsound audit findings. It is being reported again to the Governance and Audit Committee because of on-going unsatisfactory audit conclusions. The Committee need to review the situation and decide if they wish to escalate this to the Council's Chief Executive or not.

Clearly, the lack of progress in making improvements in this area over a time span of well over 3 years is very concerning though the Covid pandemic is a key consideration. In saying that, this is one of the core aspects of the function of Children's Services and which involves significant financial resources. Robust implementation of the action plan is therefore a key requirement in going forward and which the Committee needs to assure itself will be achieved.

Comments of Monitoring Officer

20. There are no specific legal issues arising from the report. As part of its role in monitoring the effectiveness of the Council's systems of internal control and financial management, Governance & Audit Committee oversee the implementation and outcomes of the internal audit programme and, where necessary, can review and make recommendations regarding unsatisfactory audit reports. The Committee can seek assurances on the adequacy of responses to internal audit advice, findings and recommendations and will monitor implementation and compliance with agreed action plans. In this case, there have been consecutive unsatisfactory audits in relation to the administration of the Adoption Allowances Scheme and the relevant Head of Service and Strategic Director have been invited to attend the meeting to explain the situation and outline the management action that will be taken to address the issues concerned. If the Governance & Audit Committee are not satisfied with the management responses and there are considered to be residual risks in terms of the Adoption Allowances processes, then the Committee can escalate those concerns through the Chief Executive and the Executive Board. As these unsatisfactory audit reports relate to operational management issues, then it is not considered appropriate for any concerns to be escalated through the Cabinet or Cabinet Member as they do not involve strategic policy issues.

Comments of Head of People, Policy and Transformation

21. As part of the Well-being of Future Generations Act (2015) and its corporate governance arrangements it is necessary to ensure that the Council's functions are operating effectively and efficiently to manage its governance, internal control and risk management arrangements in the delivery of the Corporate Plan and its statutory duties.

This report presents a review of the Internal Audit activity during the period concerned and the outcomes of completed audit reviews. There are no direct human resources impact from this report, however as outlined within the report further training is being arranged alongside operational management changes.

Scrutiny Committees

22. N/A

Fairness and Equality Impact Assessment:

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

23. For this report, a full Fairness and Equality Impact Assessment is not required. This is because this report is not seeking any strategic decisions or policy changes. This is a call in report relating to an audit opinion which is an internal assessment and does not require the public to be consulted on it.
24. 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 provides assurance and oversight of an effective internal audit provision to carry out its duties.

Consultation

25. N/A

Background Papers

26. 2022/23 Approved Internal Audit Plan. 2022/23 Internal Audit Annual Report. Adoption Allowances Call in Report - Governance & Audit Committee 27.10.22.

APPENDIX 1

Adoption Allowances Follow Up #2 Audit 2022/23

SUMMARY OF OUTSTANDING WEAKNESSES (July 2023)

The tables below summarise the outstanding individual weaknesses identified during the follow up review.

Ref.	CRITICAL
	No critical weaknesses were outstanding at the time of the review.

Ref.	SIGNIFICANT
2.06	Adoption Allowances had been paid without an assessment of need being carried out, in accordance with legislative requirements.
2.09	Financial assessments for new claims were not being undertaken in a timely manner.
2.16	Resources were not identified, and a complete process document was not in place to ensure that new and annual review assessments could be completed in the absence of the Finance Officer.
3.06	Annual review assessments had not been calculated accurately or completed in a timely manner.
3.10	Independent checks to ensure correctness were not always completed on annual review assessments. When completed, errors in the calculation of Adoption Allowance awards had not been identified.
3.13 *NEW	Where changes to circumstances were known in advance, these were not recorded and reviewed mid-year.

Ref.	MODERATE
2.08	Assurance could not be given that financial assessment forms for new claims were being properly supported with appropriate evidence of income and expenditure.
2.17 *NEW	Applications for Adoption Allowances were not being acknowledged when received. There were no validation checks completed on receipt of an application to ensure all required documentation had been submitted.
3.08	Income and expenditure details had not been cross-checked against the previous assessment to allow any discrepancies to be investigated.
3.09	Changes to circumstances were not always being correctly actioned. Adopters were not periodically reminded to notify the Council of any change of circumstance promptly which may impact on their financial assessment.
3.14 *NEW	It was not documented who had completed the Adoption Allowance assessment / annual review or who had conducted the independent check.
3.15 *NEW	Notification letters did not always contain all required information.

APPENDIX 2

Adoption Allowances Follow Up #2 Audit 2022/23 - Agreed Action Plan

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
2.06	Adoption Allowances had been paid without an assessment of need being carried out, in accordance with legislative requirements.	<p>Measures to be implemented to ensure that a financial assessment of need is undertaken for all new applications in accordance with statutory requirements.</p> <p>Assessments to be completed in line with the All Wales Adoption Support Services Policy implemented by the service.</p> <p>Payments made in exceptional circumstances to adopters who are determined as requiring financial support to be properly recorded – to detail the basis for the decision, are appropriately agreed and signed off by a senior manager.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
2.09	Financial assessments for new claims were not being undertaken in a timely manner.	<p>New process to be implemented to ensure that financial assessments for new claims are calculated correctly in a timely manner.</p> <p>Checklist in place to be developed further and used to support the process.</p> <p>Staff responsible for new assessments within the Business Support Team to receive appropriate training and guidance to ensure that assessments are accurate and completed in a timely manner.</p> <p>Quality assurance and performance management checks to be completed to provide assurance that the process is</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
2.16	Resources were not identified, and a complete process document was not in place to ensure that new and annual review assessments could be completed in the absence of the Finance Officer.	<p>operating effectively and delivering accurate assessments.</p> <p>Responsibility for Adoption Allowance assessments to be transferred from the Commissioning and Contracts Team to the Business Support Team within Children Services.</p> <p>Staff recruitment to be undertaken within the Business Support Team to provide additional resources and the resilience needed to ensure that new and annual review assessments are completed in line with statutory requirements.</p> <p>All staff responsible for new and annual review assessments within the Business Support Team to receive appropriate training and guidance.</p> <p>Process document to be further developed to support the measures implemented.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
3.06	Annual review assessments had not been calculated accurately or completed in a timely manner.	<p>New process to be implemented to ensure that annual review assessments are calculated correctly in a timely manner.</p> <p>Checklist in place to be developed further and used to support the process.</p> <p>Staff responsible for new assessments within the Business Support Team to receive appropriate training and guidance to ensure that assessments are accurate and completed in a timely manner.</p> <p>Quality assurance and performance management checks to be completed to</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
		provide assurance that the process is operating effectively and delivering accurate assessments.		
3.10	Independent checks to ensure correctness were not always completed on annual review assessments. When completed, errors in the calculation of Adoption Allowance awards had not been identified.	<p>Ensure that independent checks on annual review assessments are completed and recorded to provide assurance that they have been calculated correctly.</p> <p>Checklist in place to be developed further and used to support the process.</p> <p>Staff responsible for checking assessments within the Business Support Team to receive appropriate training and guidance to ensure that any calculation errors made are identified.</p> <p>Independent checks to be completed prior to payment or as soon as is reasonably practicable thereafter.</p> <p>Quality assurance and performance management checks to be completed to provide assurance that process is operating effectively.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
3.13 *NEW	Where changes to circumstances were known in advance, these were not recorded and reviewed mid-year.	<p>New process to be implemented to reference and action advance changes in circumstance.</p> <p>Staff responsible for assessments within the Business Support Team to receive appropriate training and guidance.</p> <p>Quality assurance checks to be completed to provide assurance that the process is operating effectively.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
2.08	Assurance could not be given that financial assessment forms for new claims were being properly supported with appropriate evidence of income and expenditure.	<p>New process to be implemented to ensure that financial assessment forms for new claims are properly supported with appropriate evidence of income and expenditure.</p> <p>Checklist in place to be developed further and used to support the process.</p> <p>Staff responsible for new assessments within the Business Support Team to receive appropriate training and guidance to ensure that all relevant evidence is obtained.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
2.17 *NEW	Applications for Adoption Allowances were not being acknowledged when received. There were no validation checks completed on receipt of an application to ensure all required documentation had been submitted.	<p>New process to be implemented to ensure that:</p> <ul style="list-style-type: none"> • adopters receive an acknowledgement to confirm receipt of their application. • all applications are subject to validation checks to verify that they are supported with all required information and evidence. <p>All staff responsible for new and annual review assessments within the Business Support Team to receive appropriate training and guidance to ensure that validation checks are completed correctly and in a timely manner.</p> <p>Quality assurance and performance management checks to be completed to provide assurance that the process is operating effectively.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
3.08	Income and expenditure details had not been cross-checked against the previous assessment to allow any	New process to be implemented to ensure that income and expenditure details are cross-checked against the previous assessment to allow any discrepancies to be investigated.	Service Manager – Childrens Teams (RB)	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
	discrepancies to be investigated.	<p>Checklist in place to be developed further and used to support the process.</p> <p>Staff responsible for assessments within the Business Support Team to receive appropriate training and guidance to ensure that cross-checks are completed correctly and that further action is taken and recorded, as appropriate.</p> <p>Quality assurance and performance management checks to be completed to provide assurance that the process is operating effectively.</p>	<p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	
3.09	Changes to circumstances were not always being correctly actioned. Adopters were not periodically reminded to notify the Council of any change of circumstance promptly which may impact on their financial assessment.	<p>The All Wales Adoption Support Services Policy in place allows for overpayments to be recovered in respect of retrospective changes that adopters fail to notify, and for retrospective increases in awards to be applied.</p> <p>Measures to be implemented to ensure that changes in circumstances received from adopters are actioned in a timely manner to minimise the risk of adoption allowances being overpaid.</p> <p>Adopters will be periodically reminded to promptly notify the Council of any change(s) which may impact on their financial assessment.</p> <p>This will also be supported within written award notifications issued to adopters.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>
3.14 *NEW	It was not documented who had completed the Adoption	Process to be reviewed to ensure that the 'For Official Use Only' section of the financial	Service Manager – Childrens Teams	Partially completed – ongoing action

IA Report Ref	Weakness	Further Management Action to Address Outstanding / New Weakness (Agreed July 2023)	By Who	Current Progress & Timescales for Implementation
	Allowance assessment / annual review or who had conducted the independent check.	<p>assessment form and other calculation records reference who completed the assessment and who conducted the independent check.</p> <p>Quality assurance checks to be completed to provide assurance that the process is operating effectively.</p>	<p>(RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	To be completed by December 2023
3.15 *NEW	Notification letters did not always contain all required information.	<p>Letter templates to be reviewed to ensure that notifications issued to adopters providing detail of their awards contain all of the required information.</p> <p>Quality assurance checks to be completed to provide assurance that letters issued meet the agreed requirements.</p>	<p>Service Manager – Childrens Teams (RB)</p> <p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Partially completed – ongoing action</p> <p>To be completed by December 2023</p>

Report

Governance & Audit Committee

Part 1

Date: 27th July 2023

Subject **Unsound Audit Opinion – Safeguarding of Children’s Money – Governance & Audit Committee Call In**

Purpose For Members of the Council’s Governance & Audit Committee to:

- i) Consider the explanations and assurances provided by the Strategic Director and the Head of Service responsible for Safeguarding of Children’s Money that improvements will be made in service provision following an Unsound audit opinion.

Author Acting Chief Internal Auditor

Ward General

Summary Following an **Unsound Internal Audit opinion**, the Strategic Director and the Head of Service responsible for Safeguarding of Children’s Money have been invited into Governance & Audit Committee to provide assurances that appropriate improvements within service provisions and the control environment will be made.

Proposal That Members of the Governance and Audit Committee:

- i) accept the explanations and assurances of the Strategic Director and the Head of Service, which will be confirmed via a follow up internal audit during 2023/24

or

- ii) don’t accept the explanations and assurances provided and escalate concerns to the Chief Executive and Executive Board.

Action by Governance & Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

Signed

Background

Original Audit 2022/23	1 st Follow up Audit Due
Unsound	2023/24
Final (March 2023)	

1. The Public Sector Internal Audit Standards requires the Chief Internal Auditor to present a formal annual report to the Governance & Audit Committee which includes audit opinions issued and to disclose any qualifications to the overall opinion.
2. The Strategic Director and the Head of Service responsible for Safeguarding of Children's Money have been invited into Governance & Audit Committee to:
 - a) Explain why there were weaknesses in control
 - b) Provide assurances on the progress of the implementation of the agreed management actions taken to demonstrate improvement in the control environment
 - c) Include a timeline as appropriate
3. The audit review on Safeguarding of Children's Money was undertaken during 2022/23 and an **unsound** audit opinion was given. This was reported into Governance & Audit Committee as part of the Annual Internal Audit Report 2022/23 in May 2023. The audit report was finalised and an action plan was agreed by management in March 2023.
4. The first follow up audit is planned for 2023/24. The results of which will be reported back in to Governance & Audit Committee during the year.
5. The Safeguarding of Children's Money audit review was specifically requested by the Strategic Director (Social Services), the Head of Children Services and the Head of Corporate Safeguarding due to the concerns they each had within this area. The objective of the audit was to review and evaluate the financial and administrative controls in place regarding monies held and administered by Newport City Council on behalf of Children Looked After and Young People.
6. The following areas were examined as part of the audit of Safeguarding of Children's Money:
 1. *The Council has appropriate financial policies and procedures in place with regards to all monies held on the behalf of Children Looked After and Young People. Policies are in line with statutory guidance, reviewed annually, easily accessible and have been approved by the relevant Cabinet Member.*
 2. *Monies held on behalf of Children Looked After and Young People in relation to Criminal Injuries Compensation Authority (CICA) Payments are held securely and managed inline with the Social Services and Well-being (Wales) Act 2014 - Part 6 Code of Practice (Looked After and Accommodated Children).*
 3. *Monies administered on behalf of Children Looked After and Young People in relation to Junior Individual Savings Accounts (ISA's) and Child Trust Funds is managed in-line with the Social Services and Well-being (Wales) Act 2014 - Part 6 Code of Practice (Looked After and Accommodated Children).*

During the audit review, a request was made by the Strategic Director for Social Services via the Head of Children Services to expand the scope of the audit to include:

4. *Monies administered on behalf of Children Looked After and Young People in relation to Duty of Care Settlements are managed in-line with the Social Services and Well-being (Wales) Act 2014 - Part 6 Code of Practice (Looked After and Accommodated Children).*
7. The Summary of Weaknesses (Critical and Significant) identified from the audit can be seen in **Appendix 1**.
8. The Action Plan showing agreed management comments and actions to address the critical and significant weaknesses identified can be seen in **Appendix 2**. An update on current progress / status, along with timescales for implementation have also been provided by the Service Manager - Operations which can be seen in the end columns of Appendix 2.
9. An explanation of the terms used in the Safeguarding of Children's Money audit can be found within **Appendix 3** – Glossary of Terms.

Financial Summary (Capital and Revenue)

10. There are no material financial issues related to this report, although improvements in controls in respect of the administration of Safeguarding of Children's Money should result in more efficient and effective processes.

Risks

11. If management action is not taken to improve the control environment and increase service delivery resilience, service users may not receive an efficient and effective service, the number of complaints may increase and could lead to reputational damage.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Poor internal controls could impact on effective and efficient service delivery, increase in complaints from service users and negative impact on reputation.	M	M	The Strategic Director (Social Services) has agreed a way forward to support service delivery. Internal Audit will undertake a follow up audit to verify that agreed action has been taken to improve service delivery.	Strategic Director – Social Services

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

12. Giving Management assurance on the systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision and looking after the public pound makes our City a better place to live for all our citizens, hence delivering an ambitious, fairer, greener Newport for everyone. (Corporate Plan 2022-2027).

Options Available and Considered

13. This is a factual progress report and therefore there are no specific options to be considered; there are no decisions to be made further to the proposals noted above.
14. Members of the Governance & Audit Committee are asked to either accept the assurances from the Strategic Director – Social Services and Head of Children Services or refer their concerns onto the Chief Executive and Executive Board.

Preferred Option and Why

15. Members of the Governance & Audit Committee to decide.

Comments of Chief Financial Officer

16. This report is the result of an audit in the 2022/23 audit plan. It has been called in because of the very significant issues and weaknesses found in this area. The issuing of 'unsound' audit opinions are very rare and the list of findings in Appendix 1 confirms the severity of the issues around Children's monies which has led to this overall opinion.

This is one of the core aspects of the function of Children's Services and which involves the safeguarding of children monies under their care and is therefore a sensitive/key function. Robust implementation of the action plan is therefore a key requirement in going forward and which the Committee needs to assure itself will be achieved.

A key priority must be to check all affected Children's position as to their eligibility and amounts of monies which are being held by the Council on their behalf and to ensure that the service has an up to date and correct record of amounts being held on behalf of Children. From there, there needs to be a process where the Social Care records of monies being held on WCCIS on behalf of Children in their care are agreed/reconciled to the summary record of this held on the Council's financial system on a regular basis and this is also a necessary priority.

Comments of Monitoring Officer

17. There are no specific legal issues arising from the report. As part of its role in monitoring the effectiveness of the Council's systems of internal control and financial management, Governance & Audit Committee oversee the implementation and outcomes of the internal audit programme and, where necessary, can review and make recommendations regarding unsatisfactory and unsound audit reports. The Committee can seek assurances on the adequacy of responses to internal audit advice, findings and recommendations and will

monitor implementation and compliance with agreed action plans. In this case, there has been an unsound audit in relation to the Safeguarding of Children's Money and the relevant Head of Service and Strategic Director have been invited to attend the meeting to explain the situation and outline the management action that will be taken to address the issues concerned. If the Governance & Audit Committee are not satisfied with the management responses and there are considered to be residual risks in terms of the Safeguarding of Children's Money processes, then the Committee can escalate those concerns through the Chief executive and the Executive Board. As this unsound audit report relates to operational management issues, then it is not considered appropriate for any concerns to be escalated through the Cabinet or Cabinet Member as they do not involve strategic policy issues.

Comments of Head of People, Policy and Transformation

18. As part of the Well-being of Future Generations Act (2015) and its corporate governance arrangement it is necessary to ensure that the Council's functions are operating effectively and efficiently to manage its governance, internal control and risk management arrangements in the delivery of the Corporate Plan and its statutory duties.

This report presents a review of the Internal Audit activity during the period concerned and the outcome of a completed audit review. There are no direct human resources impact from this report.

Scrutiny Committees

19. N/A

Fairness and Equality Impact Assessment:

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

20. For this report, a full Fairness and Equality Impact Assessment is not required. This is because this report is not seeking any strategic decisions or policy changes. This is a call in report relating to an audit opinion which is an internal assessment and does not require the public to be consulted on it.

21. 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 provides assurance and oversight of an effective internal audit provision to carry out its duties.

Consultation

22. N/A

Background Papers

23. 2022/23 Approved Internal Audit Plan. 2022/23 Internal Audit Annual Report.

Safeguarding of Children's Money Audit 2022/23

SUMMARY OF WEAKNESSES (March 2023)

The tables below summarise the individual weaknesses identified during the review.

Ref.	CRITICAL
2.02	The record keeping for Young People with a Criminal Injuries Compensation Authority (CICA) payment was poor. There was no central coordination or record available and the only record available from Finance was not complete. The record did not allow for the Young Person to be easily identified, the amount of the original award, when they were due to receive payment or if payment had already been made.
2.03	There was no evidence available to confirm that an interim Criminal Injury Compensation Authority award (£110k) due to a Young Person had been received.
3.01	The Council was still administering 203 Junior ISA's totalling £80,270 for Young People who were no longer under local authority care or had turned 18 years of age. Young People had not been paid money they were entitled to.
4.01	Records suggest that Young People who were older than 18 years of age had outstanding financial Duty of Care Settlements due to them where an employee of Newport City Council was the Litigation Friend. We could not confirm that Young People had been paid money they were entitled to.

Ref.	SIGNIFICANT
1.01	<p>Whilst a draft 'Policy for savings for Children Looked After' was provided (dated April 2021), the Council did not have a sufficient financial policy which:</p> <ul style="list-style-type: none"> • Set out what entitlements Young People have including details about a leaving care maintenance allowance. • Is clear about the treatment of Young People's own funds, whether these come from employment, inheritance, Criminal Injuries Compensation Authority awards, or other sources. • Was not formally reviewed on an annual basis. • Was not in a form easily understood by Young People who were involved in developing a 'user friendly version'. • Was not available on the Council's website or provided to all Children Looked After and care leavers. • Sets out clear priorities to support Young People to achieve their wellbeing outcomes.
2.04	Supporting source documentation was not available for those Young People with a Criminal Injuries Compensation Authority (CICA) award confirming the original amounts allocated were correct.
3.02	The record keeping for Young People who had a Junior ISA managed by the Council was poor. There was no complete list of names, reference numbers and dates of birth of those Young People available. Significant discrepancies were identified between Council records and those of the Share Foundation.
3.03	There was no documentation available to confirm that Young People (or the Pathway Team) were being made aware of the existence of a Junior ISA or other forms of

Ref.	SIGNIFICANT
	compensation they were awarded / entitled to. There was no evidence to support that assistance had been provided to allow the Young Person to seek independent financial advice prior to their 18 th birthday.
4.02	Children's Services did not hold any central records of Young People who had received Duty of Care Settlements where Newport City Council was acting as the Litigation Friend. There were no detailed file notes added to the Young Person's WCCIS record to confirm a settlement / outstanding settlement along with details of the award.

APPENDIX 2

Safeguarding of Children's Money Audit 2022/23 - Agreed Action Plan

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
1.01	<p>Whilst a draft 'Policy for savings for Children Looked After' was provided (dated April 2021), the Council did not have a sufficient financial policy which;</p> <ul style="list-style-type: none"> • Set out what entitlements Young People have including details about a leaving care maintenance allowance. • Is clear about the treatment of Young People's own funds, whether these come from employment, inheritance, Criminal Injuries Compensation Authority awards, or other sources. • Was not formally reviewed on an annual basis. • Was in a form easily understood by Young People who were involved in developing 	<p>We now have a draft CLA policy in place which includes a section on finances / savings. We will ensure that this covers all elements of the Social Services and Well-being (Wales) Act 2014. The draft policy is currently under review prior to being formally approved.</p> <p>Once the new policy has been agreed, we will develop a young person friendly version which will be provided to all Children Looked After and care leavers with copies available on the NCC website.</p>	Service Manager – Operations (JM)	<p>Final draft policy in place, sign off in CMT in August 2023 and shared with all the children and young people services staff who may require use of the policy going forward.</p> <p>Next steps: To develop young person's format.</p>	<p>Partially completed.</p> <p>Completion and implementation by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
	<p>a 'user friendly version'.</p> <ul style="list-style-type: none"> Was not available on the Council's website or provided to all Children Looked After and care leavers. Sets out clear priorities to support Young People to achieve their wellbeing outcomes. 				
2.02	<p>The record keeping for Young People with a Criminal Injuries Compensation Authority (CICA) payment was poor. There was no central coordination or record available and the only record available from Finance was not complete. The record did not allow for the Young Person to be easily identified, the amount of the original award, when they were due to receive payment or if payment had already been made.</p>	<p>Clarification over roles and responsibilities will be sought with a meeting held between Children Services, Finance, Legal and Insurances,</p> <p>Following this meeting, a process and procedure will be developed which will include a central recording spreadsheet (containing all required details) and records will be uploaded to the young person's account on the WCCIS system.</p> <p>Attempts will be made to identify the young people listed and we will ensure that money is paid when due and appropriately recorded.</p> <p>Discussions will be held with both the Pathway and Independent Reviewing Officers team to ensure</p>	Service Manager – Operations (JM)	<p>Draft process flow chart is now ready and has been shared with all the relevant departments for feedback and comments. Once revisions are made, final version will be included in the CLA financial policy.</p> <p>Business support team leader is meeting with business support officer on 10.07.2023 to agree business support process around this area.</p> <p>Spreadsheet to be created this month to account for all CLA who may have been previously entitled to CICA and undertake audit with Legal, finance and insurances.</p> <p>To ensure we have record of children's monies (from any/all sources).</p>	<p>Partially completed.</p> <p>Completion and implementation date by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
		<p>the young person's finances (savings, CICA awards, Duty of Care settlements, Junior ISA's etc) are being fully discussed during 16+ CLA and Pathway reviews.</p> <p>We will extend the use of the Welfare Rights service so young people can obtain independent financial advice.</p> <p>At a service area meeting we will highlight the issues raised by the audit review and reiterate to Social Workers / Social Work Assistants their responsibilities with regards to young person's finances and the recording of information on WCCIS.</p> <p>New flow chart developed which is included in the CLA financial policy to assist everyone to follow the correct process going forward.</p>		<p>These records are agreed periodically (twice per annum) to those who hold the funds.</p> <p>Meeting arranged with team managers and IRO manager to ensure everyone is aware and in agreement with the new processes. Provisional date set for August 2023.</p> <p>Team Manager for Pathway to independence has liaised with welfare rights to update them on our new process and confirm they are in agreement to be involved as we move forward.</p> <p>Undertaken at the last service meeting on the 05/07/2023.</p> <p>As above.</p>	
2.03	<p>There was no evidence available to confirm that an interim Criminal Injury Compensation Authority award (£110k) due to a Young Person had been received.</p>	<p>We will clarify the current position with the legal and insurances teams and chase up the court fund office regarding obtaining the interim payment.</p> <p>Once payment has been received, interest will be added to the amount annually by the</p>	<p>Service Manager – Operations (JM)</p>	<p>As above Draft process flow chart is now ready and has been shared with all the relevant departments for feedback and comments. Once revisions are made, final version will be included on the CLA financial policy.</p>	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
		<p>Accountancy team as part of the new process detailed in 2.02.</p> <p>Records held will be added to the WCCIS system confirming the award and that it has been received.</p> <p>A wider discussion will be held with social work teams regarding the recording of finance information on the WCCIS system.</p>		<p>Raise at next CMT on 18th July 2023.</p>	
2.04	<p>Supporting source documentation was not available for those Young People with a Criminal Injuries Compensation Authority (CICA) award confirming the original amounts allocated were correct.</p>	<p>As detailed in 2.02 a process and procedure will be developed for CICA awards and the required recording of information. This will include both the uploading of financial records / letters and detailed case notes.</p> <p>We will attempt to locate the documentation in relation to existing cases where this may be missing and upload / record as necessary.</p>	<p>Service Manager – Operations (JM)</p>	<p>As part of new process flow chart, all relevant documentation will be stored on WCCIS and in a separate folder inter CICA payments for each child and will be included in a master spreadsheet.</p> <p>Spreadsheet to be created this month to account for all CLA who may have been previously entitled to CICA and undertake audit with Legal, finance and insurances.</p> <p>Ensure we have a record of children's monies (from any/all sources).</p> <p>These records are agreed periodically (twice per annum) to those who hold the funds.</p>	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
3.01	<p>The Council was still administering 203 Junior ISA's totalling £80,270 for Young People who were no longer under local authority care or had turned 18 years of age. Young People had not been paid money they were entitled to.</p>	<p>Since initial feedback was provided from Internal Audit, an agency resource has been made available for the past 6 months to release an officer to complete work in this area matching up records and writing to families.</p> <p>We have worked with SEWAS to send letters to all young people who have been adopted or have an SGO in place. Approximately half have responded to date enabling business support to send the Share Foundation guidance to the individuals detailing to how to assume responsibility for the Junior ISA account(s).</p> <p>Considerable work has also been completed on those who were older than 18 and business support to send the Share Foundation guidance to the individuals detailing to how to assume responsibility for the Junior ISA account(s).</p> <p>A process and procedure will be developed which will include a central recording spreadsheet (containing all required details) and records will be uploaded to the young person's account on the WCCIS system.</p>	<p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	<p>Resource is in place and this work is being undertaken.</p> <p>All young people who are contactable have been contacted. For eligible young people, they and their extended families have been contacted.</p> <p>Share Foundation release valuation reports (6-12 monthly) this will enable the department to see progress but creates time delays. However, this is an ongoing action due to Share Foundation process.</p> <p>Comms to be sent out via our media team regarding ISA eligibility and its criteria to make public aware and facilitate opportunity for young people previously known to Childrens who would be eligible and not claimed. The link to claim the funds will also be provided.</p> <p>Spreadsheet is in place and continuing to be used.</p> <p>Ensure we have a record of children's monies (from any/all sources).</p> <p>These records are agreed periodically (twice per annum) to those who hold the funds.</p>	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
		<p>Discussions will be held with both the Pathway and Independent Reviewing Officers team to ensure persons finances (savings, CICA awards, Duty of Care settlements, Junior ISA's etc) are being fully discussed during 16+ CLA and Pathway reviews.</p> <p>We will extend the use of the Welfare Rights service so young people can obtain independent financial advice.</p> <p>New flow chart developed which is included in the CLA financial policy to assist everyone to follow the correct process going forward.</p> <p>Extra resource is being given to Business Support to support the extra work around Childrens Savings.</p>		<p>Meeting arranged with team managers and IRO manager to ensure everyone is aware and in agreement with the new processes. Provisional date set for August 2023.</p> <p>Pathway to Independence has already linked in with Welfare rights service and they have agreed to be involved in assisting with the new process.</p> <p>Draft process flow chart is now ready and has been shared with all the relevant departments for feedback and comments. Once revisions are made, final version will be included on the CLA financial policy.</p> <p>Business support team leader is meeting with business support officer on the 10.07.2023 to agree business support process around this area.</p> <p>Spreadsheet to be created this month to account for all CLA who may have been previously entitled to CICA and undertake audit with Legal, finance and insurances.</p> <p>Ensure we have a record of children's monies (from any/all sources).</p> <p>These records are agreed periodically (twice per annum) to those who hold the funds.</p>	

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
				Currently in the process of recruitment and going out to advert, job role hasn't yet been appointed. This role will be responsible for leading on the recording and data capture for the master spreadsheet.	
3.02	The record keeping for Young People who had a Junior ISA managed by the Council was poor. There was no complete list of names, reference numbers and dates of birth of those Young People available. Significant discrepancies were identified between Council records and those of the Share Foundation.	<p>A process and procedure will be developed which will include a central recording spreadsheet (containing all required details) and records will be uploaded to the young person's account on the WCCIS system.</p> <p>New flow chart developed which is included in the CLA financial policy to assist everyone to follow the correct process going forward.</p> <p>Extra resource is being given to Business Support to support the extra work around Childrens Savings.</p>	<p>Service Manager – Operations (JM)</p> <p>Business Support Team Leader (CR)</p>	Please refer to the above.	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>
3.03	There was no documentation available to confirm that Young People (or the Pathway Team) were being made aware of the existence of a Junior ISA or other forms of compensation they were awarded / entitled to. There	Discussions will be held with both the Pathway and Independent Reviewing Officers team to ensure persons finances (savings, CICA awards, Duty of Care settlements, Junior ISA's etc) are being fully discussed during 16+ CLA and Pathway reviews.	Service Manager – Operations (JM)	<p>Service meeting has taken place 05.07.2023 to discuss with the service around these new processes and practice.</p> <p>Meeting arranged with team managers and IRO manager to ensure everyone is</p>	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
	<p>was no evidence to support that assistance had been provided to allow the Young Person to seek independent financial advice prior to their 18th birthday.</p>	<p>Records will be held on WCCIS of all Junior ISA's or other forms of compensation such as Criminal Injury Compensation Authority awards or Duty of Care Settlement Awards. The Pathway team will need to ensure that officers review the system to identify any entitlement.</p> <p>We will extend the use of the Welfare Rights service so young people can obtain independent financial advice.</p> <p>At a service area meeting we will highlight the issues raised by the audit review and reiterate to Social Workers / Social Work Assistants their responsibilities with regards to young person's finances and the recording of information on WCCIS.</p> <p>New flow chart developed which is included in the CLA financial policy to assist everyone to follow the correct process going forward.</p> <p>Extra resource is being given to Business Support to support the extra work around Childrens Savings.</p>		<p>aware and in agreement with the new processes. Provisional date set for August 2023.</p> <p>New process flow chart developed, and master spreadsheet is currently being developed to ensure all CYP are accounted for.</p> <p>Staff have now been made aware that all ISA/CICA and Duty of care payments must be recorded on the WCCIS.</p> <p>Ensure we have record of children's monies (from any/all sources).</p> <p>These records are agreed periodically (twice per annum) to those who hold the funds.</p> <p>Service meeting took place on the 05.07.2023.</p> <p>Already discussed throughout this report.</p> <p>Currently in the process of recruitment and going out to advert, job role hasn't yet been appointed. This role will be responsible for leading on the recording and data capture for the master spreadsheet.</p>	

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
4.01	<p>Records suggest that Young People who were older than 18 years of age had outstanding financial Duty of Care Settlements due to them where an employee of Newport City Council was the Litigation Friend. We could not confirm that Young People had been paid money they were entitled to.</p>	<p>Clarification over roles and responsibilities will be sought with a meeting held between Childrens Services, Finance, Legal and Insurances.</p> <p>Following this meeting, a process and procedure will be developed which will include a central recording spreadsheet (containing all required details) and records will be uploaded to the young person's account on the WCCIS system.</p> <p>Discussions will be held with both the Pathway and Independent Reviewing Officers team to ensure persons finances (savings, CICA awards, Duty of Care settlements, Junior ISA's etc) are being fully discussed during 16+ CLA and Pathway reviews.</p> <p>We will extend the use of the Welfare Rights service so young people can obtain independent financial advice.</p> <p>We will review all the cases identified to ensure the young people have received the money they are entitled to and the Litigation Friends responsibilities have been completed.</p>	Service Manager – Operations (JM)	Please see the actions already identified earlier in the report which respond to the outcomes in this report.	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

IA Report Ref	Weakness	Agreed Management Action (March 2023)	By Who	Current Progress / Update provided by Service Manager - Operations (July 2023)	Timescales for Implementation
4.02	<p>Children's Services did not hold any central records of Young People who had received Duty of Care Settlements where Newport City Council was acting as the Litigation Friend. There were no detailed file notes added to the Young Person's WCCIS record to confirm a settlement / outstanding settlement along with details of the award.</p>	<p>Clarification over roles and responsibilities will be sought with a meeting held between Childrens Services, Finance, Legal and Insurances,</p> <p>Following this meeting, a process and procedure will be developed which will include a central recording spreadsheet (containing all required details) and records will be uploaded to the young person's account on the WCCIS system.</p> <p>At a service area meeting we will highlight the issues raised by the audit review and reiterate to Social Workers / Social Work Assistants their responsibilities with regards to young person's finances and the recording of information on WCCIS.</p> <p>New flow chart developed which is included in the CLA financial policy to assist everyone to follow the correct process going forward.</p>	Service Manager – Operations (JM)	New process flow chart developed, and master spreadsheet is currently being developed to ensure all CYP are accounted for.	<p>Partially completed.</p> <p>To be completed and implemented by December 2023.</p>

APPENDIX 3

GLOSSARY OF TERMS

Criminal Injuries Compensation Authority (CICA) Payments

The Scheme is government funded designed to compensate victims of violent crime in Great Britain. The Criminal Injuries Compensation Authority (CICA), administer the scheme and decide if applicants are eligible and assess the appropriate value of any award.

They recognise that no amount of compensation can ever make up for the harm and suffering caused to victims by violent crime. Injury awards are intended to be an acknowledgement of harm and an important gesture of public sympathy.

Claims can be considered for the following;

- mental or physical injury following a crime of violence
- sexual or physical abuse
- loss of earnings
- special expenses payments
- a fatality caused by a crime of violence

The CICA will consider making interim payments where they have decided that the individual is eligible for a payment but cannot make a final decision because, for example, they are waiting until the long term impact of the injury is understood.

Interim payments are made when it is established that the person will have a firm entitlement to compensation of a certain value and are likely to be lower than a final award. Any interim payment made will be deducted from a final award, when made. In the unlikely event that the interim award is higher than the final award, CICA may require repayment of this award or part of this award.

When received, money for CICA awards is held by Newport City Council on behalf of the young person.

Junior Individual Savings Accounts (Junior ISA's)

Children looked after for 12 months or more and not eligible for a Child Trust Fund (CTF) are entitled to a £200 payment from the government into a Junior Individual Savings Account (Junior ISA). The Junior ISA for Children Looked After scheme replaces the support previously provided through CTFs. The government will provide an initial £200 payment to open the accounts.

The Department for Education has contracted [The Share Foundation](#) to administer the Junior ISA scheme until 31 March 2023. The Share Foundation will open and manage Junior ISA accounts using independent selection advice while children remain looked after.

Unless there are exceptional reasons that justify a variation, local authorities must:

- on request from The Share Foundation, provide them with a named contact for dealing with all aspects of the Junior ISA scheme.
- respond to requests for information from The Share Foundation, to enable them to open the Junior ISAs and draw down the £200 payments.
- ensure that there are effective and proportionate security arrangements safeguarding the integrity and confidentiality of the data to be sent to and received from The Share Foundation, in full compliance with the Data Protection Act.

- once an account has been opened, ensure that, as an integral part of the care planning review and where it is appropriate to do so, the carer, parent and child are made aware of the account.
- once a child stops being looked after, notify The Share Foundation and provide the necessary information to the person with parental responsibility for the child (and the child if 16 or 17 years old) so that they may take over the management of the account.

In addition, independent reviewing officers should ensure local authorities carry out their duty as good corporate parents, so that children who are eligible for a Junior ISA receive funding and, where appropriate, they and their carers and parents receive suitable advice about their accounts, both while they are looked after and when they cease to be looked after.

Duty of Care Settlements

HM Courts & Tribunal Service can determine that Local Authorities have failed in their Duty of Care to Young People. This could be through negligence or by not acting in a timely manner to prevent the potential of further harm. Where this is the case, the LA can be required to make a compensation payment to the Young Person.

Money for Duty of Care Settlements is paid over by Newport City Council to the Court Funds Office. The Litigation Friend has the legal responsibility for this account until the young person turns 18. Annual statements are issued by the Court Funds Office detailing the money held.

Litigation Friend

A Litigation Friend has the legal responsibility to be responsible for the child's Court Funds Office account until they turn 18 and is required to;

- make decisions in the Young Person's best interests
- do everything they can to tell the Young Person what's happening in the case and find out their wishes and feelings
- keep contact details up to date
- apply for any payments on the child's behalf
- receive statements and tax records

Briefing Note

Governance and Audit Committee

Date: 27th July 2023

Subject **PTU Audit Update – SECOND UPDATE**

Author Head of Infrastructure

Purpose To advise the Committee on progress as a result of the “unsatisfactory” audit opinion and G&A Committee additional requests.

Background

The follow up audit was carried out between February and May 2022 with the weaknesses and agreed management actions summarised below. Work was undertaken by the service area to implement each of these actions and the previous note to G&A Committee confirmed that all points had been actioned as below.

Further sample checks were carried out on 15th and then again on the 26th June to ensure no slippage so we can confirm all action points continue to be adhered to.

The tables below summarise the outstanding individual weaknesses identified during the follow up review.

Ref.	CRITICAL
	No critical weaknesses were identified during this follow-up audit.

Ref.	SIGNIFICANT
1.01	<p>The CTX system did not record all contracts / taxi usage across the Authority. Multiple and inconsistent records were used to monitor the various contracts.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Upload CTX to Cloud – Implemented • Load and maintain all contracts on the CTX system – all current ongoing contracts are now on the system.

Ref.	SIGNIFICANT
	<ul style="list-style-type: none"> • Further checks on 15th and 26th June confirm all contracts continue to be maintained on the system
1.02	<p>The CTX database was not fully up-to-date with accurate operator licences and insurances. Dates of birth were missing for some drivers which resulted in the system reporting the driver was underage.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Upload CTX to Cloud – Implemented • Ensure all driver checks are in place and system up to date – Complete – no outstanding checks as at 11/05/23. • No outstanding checks as at 15th and 26th June.
1.03	<p>There were expired DBS checks and training for drivers and escorts recorded on the CTX database.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Upload CTX to Cloud – Implemented • Ensure DBS checks and driver training up to date and within operational levels and recorded on system – All training up to date and no outstanding DBS checks as at 11/05/23 • Confirmed all training up to date and no outstanding DBS checks on 15th and 26th June.
2.10	<p>Taxi escorts were not required to submit any form of photo identification along with their DBS check.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • The issuing of escort identification badges has been rolled out as part of the escort training sessions with the Licencing team, with photographs being obtained as part of the session – Implemented • Photos continue to be obtained as part of the training session and we are exploring ways to speed this process up
2.11	<p>Adequate driving licence checks were not undertaken prior to the award of contracts to ensure that drivers were appropriate.</p> <p>Action(s):</p>

Ref.	SIGNIFICANT
	<ul style="list-style-type: none"> • Additional staff will be deployed and fully trained on the Davis system – in the process of recruitment, two appointments made and recruitment to the third post in progress. Training will commence once in post. • The first two appointments are now fully trained and the third started in post 3rd July so only beginning training this week. • In the interim, all driver licence checks will be undertaken at the point of contract award and on expiration – complete and ongoing • Checks on 15th and 26th June confirm this action implemented and ongoing. • Full utilisation of the Davis system will be achieved following training of key staff – complete - all staff have full access to the Davis system • Confirmed all staff have access with the exception of the new starter which will be arranged week commencing 10th July.
2.11 (New)	<p>A taxi company with previous offenses relating to unlicensed drivers was operating on contract work. The DBS and driving licence checks for the contracted driver was not updated / renewed (as this was a historical arrangement) and there was no reference to the offences and consideration of the contract continuation on the CTX system.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • The provider operates contracts with Caerphilly and Newport. The driver in question did not work on NCC contracts but these points were all noted on the system against the operator notes - complete
2.12	<p>Purchase orders were not always raised in advance of the first taxi journey taking place and did not record the agreed journey cost. Purchase order justification box did not reference the ITT number to highlight market testing undertaken.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • POs to be raised in a timely manner with journey cost recorded – complete and ongoing • Checks on 15th and 26th June confirm this is complete and ongoing • ITT numbers to be recorded within the requisition box confirming the requisition has been tendered with eTender Wales – complete and ongoing • Checks on 15th and 26th June confirm this is complete and ongoing

Ref.	SIGNIFICANT
2.14	<p>The monitoring system in place for Social Services / Corporate taxi contract arrangements required improvement. Key information was not recorded.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Social Services spreadsheet to be updated to meet audit requirements – complete and ongoing • Checks on 15th and 26th June confirm this is complete and ongoing
2.16	<p>The details of the taxi driver / escorts were not always provided to the schools / social worker making the booking.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Driver, escort and operator information is now provided in the same detail to all schools. The social worker who books the transport will also continue to receive the information when transport is confirmed. – complete and ongoing • Checks on 15th and 26th June confirm this is complete and ongoing
3.07	<p>Employees within the PTU team have not attended Information Security training and the required Financial Regulations refresher training.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • All staff to attend IS and FR training – complete January 2023, new staff to be inducted on appointment • As at 15th and 26th June all staff had attended the necessary training. New starter on 3rd July will be enrolled on the next available courses.
3.08	<p>Absence recording in iTrent was not always input correctly and in a timely manner. Return to work discussions were not always recorded in the iTrent system.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Absence recordings and RTW interviews to be completed in a timely manner – implemented and ongoing • Checks on 15th and 26th June confirm this is complete and ongoing

Ref.	MODERATE
2.08	<p>Taxi request forms were not always authorised by an appropriate officer in line with the requirements as set out on the form.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Discussion will be held with Social Services regarding who is authorised to approve taxi contracts and we will review the approval limits and update the form as necessary – Complete – approval levels revisited and signatories agreed with Social Services
2.09	<p>Copies of DBS certificates were sometimes uploaded onto eTender Wales.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Suppliers have again been reminded that DBS certificates must not be uploaded onto e tender Wales. PTU staff are unable to remove/delete these files from e tender Wales if the operator does not comply. PTU continues to remind operators/ tenderers not to append DBS information when using e tender Wales – Complete and ongoing
2.13	<p>Invoices received from taxi companies did not always contain adequate information.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Operators to be instructed that failure to include certain information on invoices all result in payment delays – complete and ongoing • Checks on 15th and 26th June confirm this continues to be adhered to
3.06	<p>Quality assurance checks had not been undertaken for the taxi contracts. The Taxi Licensing team required an updated school's contract list in order to assist with the undertaking of checks.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Monitoring schedule has been prepared and arrangements, in partnership with the Licencing team, in place for weekly monitoring across all school sites – implemented • Checks on 15th and 26th June confirm this is complete and ongoing
3.09	<p>The formal agreement in place between Newport City Council and Monmouthshire County Council had yet to be strengthened with the development of a job description and job specification as indicated. The stated</p>

Ref.	MODERATE
	<p>period of the original agreement had passed and should be considered for review.</p> <p>Action(s):</p> <ul style="list-style-type: none"> • Head of Infrastructure to confirm with Monmouthshire CBC that the current arrangement will be extended. Term to be agreed and confirmed.- complete • All Service Area Team Managers operate under a generic job description and job specification. HR Business Partners to add this position to the generic JD which is currently going before the Job Evaluation Panel for sign off - complete

Further to the action points agreed as part of the audit follow up, Governance and Audit Committee also requested the following be addressed, updates have been included in **bold**.

- That Education is contacted to ensure that the process for regular monitoring and escalating issues is clearly defined and mutually understood. **There has always been a regular channel of communication between Education and PTU colleagues although a group was established last year to proactively improve upon this and now includes all stakeholders. This group meets on a regular basis.**
- That the lead time given by the CTX system flagging up when a DBS check was due for renewal is confirmed. **Processes are in place that allow for a six week renewal period before the expiration of a DBS which is then communicated with operators.**
- That an internal working group is considered for further development to formalise the collaborative approach to monitoring and problem solving. **As above, a collaborative and regular meeting has been established to address arising issues.**
- A written update report be provided to the Committee in 3 month's time to provide an update to include; up to date facts and figures, DBS Checks for drivers and escorts and an indication of what continuation training was in place
 - **0 DBS checks outstanding**
 - **0 Licence checks outstanding**
 - **Safeguarding training for all escorts has been delivered and is currently under assessment to determine a rolling programme of refresher courses**
 - **As at 15th and 26th June, the outstanding figures above still apply**

Report

Governance and Audit Committee

Part 1

Date: 27 July 2023

Subject Quarter 4 22/23 Corporate Risk Register Update

Purpose To present an update of the Corporate Risk Register for the end of Quarter 3 (1st January to 31st March 2023).

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 4, there were 14 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.

Overall, there are 8 Severe risks (risk scores 15 to 25); 6 Major risks (risk scores 7 to 14); that are outlined in the report. In comparison to the Quarter 3 corporate risk register, two risks have decreased their risk score, and there has been no change with the remaining 12 risks. One risk was escalated from the Children's service area risk register and one risk de-escalated from the corporate risk register to the Environment and Public Protection risk register.

As set out in the Council's Risk Management Policy, the Governance and Audit Committee reviews the Corporate Risk Register on a quarterly basis ensuring procedures are in place to monitor the management of significant risks.

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:

- Executive Board
- Corporate Management Team

Signed

Background

The Well-being of Future Generations (Wales) Act 2015 requires Newport City Council to set Well-being Objectives in its Corporate Plan. As a public body, Newport City Council is also responsible for delivering services (statutory and non-statutory) to residents, businesses, and visitors across Newport. We will inherently encounter opportunities and risks that may prevent, disrupt, impact or enhance the delivery of the Council services and achieve the objectives in the Corporate Plan. How the Council responds and manages these opportunities and risks is important to ensure resources are being used efficiently and effectively to maximise value for money and to minimise and/or prevent the risk impacting services, communities, and citizens in Newport.

The Council's Risk Management Policy provides an overview of the Council's approach and its appetite for managing opportunities and risk. To provide assurance on the Council's Risk Management approach, the Corporate Risk Register provides assurance on the most significant risks that the Council was managing in the last quarter.

Officers across the Council regularly manage risk in the course of their duties whether this is health and safety risks, civil contingencies including Covid-19, safeguarding risks to children, young people, adults and carers or risks to assets, buildings, and Council employees. The relevant service area(s) and professional disciplines will be assessing and managing these risks as required and reporting these through their own reporting mechanisms. In accordance with the Council's Risk Management Policy, any new, escalated / de-escalated, and closed risks in the Corporate Risk Register are presented to the Council's Executive Board for decision.

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 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 the risk heat map of the Council's corporate risks using this matrix.



All risks identified are 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 Council objectives, it is escalated to the Council's senior management team 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 Head of Service and senior management team to determine if the risk can be closed.

Newport City Council - Quarter 4 22/23 Risk Update

Appendix 2 of the report provides an overview of the Council's overall risks reported at the end of Quarter 3. This includes corporate and service area risks across the Council's service areas. In summary, the Council had 45 risks of which:

Total Risks at Quarter 4	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}
45	1	5	39	0	2	1	1

Newport City Council Quarter 4 Corporate Risk Register Summary

At the end of Quarter 4, the Council's Corporate Risk Register included 14 of the 45 risks that are considered to pose the most risk to the delivery of Council services and achievement of its strategic priorities. The 14 Corporate Risks consisted of:

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

In comparison to the Quarter 3 corporate risk register, two risks have decreased their risk score. One risk was escalated from the Children's service area risk register (Eliminate Profit from social care) and one risk de-escalated from the corporate risk register to the Environment and Public Protection risk register (Ash Dieback disease).

Risk Changes Overview

Risk	Directorate / Service Area	Quarter 3 Risk Score	Quarter 4 Risk Score	Summary
Stability of Social Services Providers	Social Services / Adult Services	25	20	Provider services remain vulnerable but we have some improvement and flow of brokered packages of care.
Pressure on Adult Services	Social Services / Adult Services	25	20	Pressure remains however recent recruitment to some key posts slightly improves the situation.

Escalated / De-Escalated Risks

The table below summarises two risks where one risk has been escalated to the Corporate Risk Register (Eliminate Profit for Children's Social Care) and one de-escalated from the Corporate Risk Register (Ash Dieback disease). Risks de-escalated from the Corporate Risk Register will continue to be monitored and reported through the service area risk register.

Risk	Risk Summary	Quarter 4 Risk Score	Target Risk Score	Summary
<p><u>Risk Escalated</u></p> <p>Eliminate profit from Social Care</p> <p>Social Services Directorate / Children Services</p>	<p>Increased pressure on Local Authorities to ensure children are placed in accommodation which does not make profit from children by 2027 as part of Welsh Government Legislation. Although Welsh LA's support this principle it may lead to LA's being forced into developing unregistered emergency placements for children. This is costly and could lead to prosecution of the Head of Children's Services.</p>	15	4	<p>As the Council rebalances its residential and fostering provision to meet the Eliminate Programme requirements, providers are withdrawing from the market or entering arrangements with English LAs. This means we are having to make placements with practices which are 'Operating without Registration' (OWR) which is a criminal offence under the 2016 Social Services Act. Common factors include:</p> <ul style="list-style-type: none"> • No provision being offered by Providers despite extensive national placement searches – both 'on' and 'off' the 4 C Framework. • Children awaiting secure provision. • Immediate notice being issued by Providers increasingly due to dysregulated behaviour and offences against staff. • Children being discharged following inappropriate presentation to hospital / s136. • Court expectations/ direction leading to bespoke placements. • The wishes and feeling of young people who may no longer wish to remain in the placement.
<p><u>Risk De-Escalated</u></p> <p>Ash Dieback Disease</p> <p>Environment & Sustainability Directorate / Environment & Public Protection</p>	<p>Ash Die back disease will affect the 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.</p>	12	6	<ul style="list-style-type: none"> • Following the identification and assessment of this risk across Newport, the Council has already undertaken immediate works to remove trees with Ash Dieback from high-risk areas. • The Council has funding allocated to undertake remedial works and to replace those trees which have been removed. • There is ongoing monitoring and reporting within the service area on the progress against this work with mechanisms in place to escalate any significant risk to the Council.

Appendix 1 - Quarter 4 Corporate Risk Heat Map and Risk Profile

Appendix 2 – Quarter 4 Newport City Council’s Service Area Risk Summary.

Appendix 3 – Newport City Council’s Quarter 4 Corporate Risk Register (Attached separately).

Glossary – Risk Management terminology and Risk Score Assessment

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 2022-27

Service Plans 2022-27

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 itself. 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.

There are a number of risks with either a direct or indirect financial impact. For example, the risk around balancing the medium-term financial position is currently rated as severe, due to the on-going high inflationary environment, increasing demand for services and uncertainty on future funding levels. Whilst a balanced budget for 2023/24 was achieved, the challenge of achieving that over the medium term remains, with further difficult decisions likely being required to do that.

As well as risks specific to Finance, close attention will also need to be paid to risks within services such as Children’s Services and schools, as they have the potential to result in financial impacts via additional

financial pressure and the need to take action in order to ensure that services remain within the budgets that they have available both in 2023/24 and over the medium term. Any unmanageable impacts may need to be reflected within the Medium Term Financial Plan as an additional pressure, adding to the existing budget gap in the process.

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. Governance & Audit Committee are responsible for reviewing and assessing the Council's risk management, internal control and corporate governance arrangements. However, the identification of corporate risks within the risk register and monitoring the effectiveness of the mitigation measures are matters for Cabinet. The report confirms that there have been no significant changes in the risk profile during the final quarter of this financial year, as compared with the third quarter. Two risks have reduced their risk scores, one risk was escalated to the corporate risk register and another de-escalated.

Comments of Head of People, Policy and Transformation

Effective monitoring and reporting against the Council's Corporate Risk Register is essential in minimising and preventing the likelihood and impact of risks against our objectives. The Council's risk management is a key area in the implementation of the Well-being of Future Generations Act (Wales) 2015.

The recent changes made to our risk management processes and system will ensure officers at all levels of the organisation have greater control and oversight of their risks taking the necessary action to mitigate their impact and escalate where necessary to senior management.

There are no specific HR issues arising from the report.

Scrutiny Committees

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

Fairness and Equalities Impact Assessment

For this report, a full Fairness and Equality Impact Assessment is not required to be undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Governance and Audit Committee on the current risk register and risk management process of the Council.

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.

Consultation

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

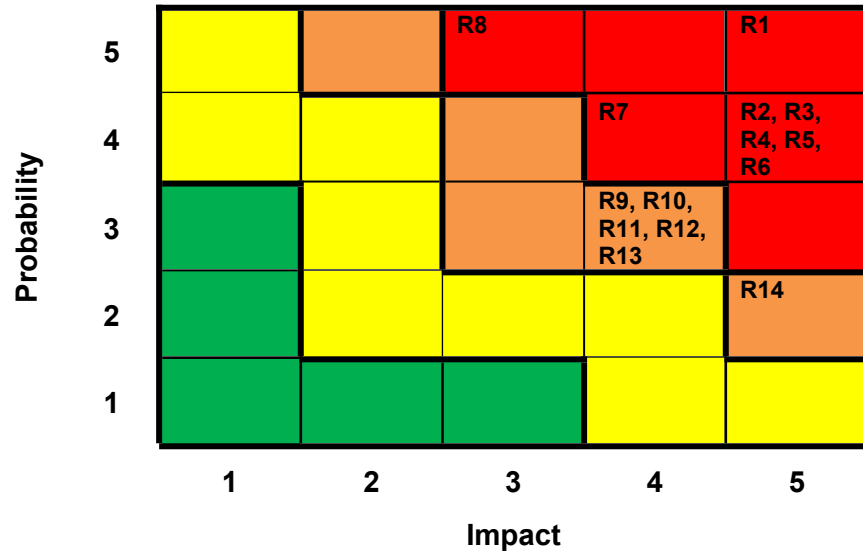
Background Papers

[Quarter 3 Corporate Risk Report \(March 2023\)](#)

Risk Management Policy 2020-22

Dated: 13th July 2023

Appendix 1 – Quarter 4 2022/23 Corporate Risk Heat Map



Corporate Risk Heat Map Key (Quarter 4 2022/23)	
R1 - Pressure on the delivery of Children Services	R8 - Eliminate Profit from Social Care
R2 - Stability of Social Services Providers	R9 - Cyber Security
R3 - Pressure on Adult & Community Services	R10 - Schools Finance / Cost Pressures
R4 - Balancing the Council's Medium-Term budget	R11 - Demand for ALN and SEN support
R5 - Highways Network	R12 - Educational Out of County Placements
R6 - Pressure on Housing and Homelessness Service	R13 - Welsh Government's Net Carbon Zero Target by 2030
R7 - Newport Council's Property Estate	R14 - City Centre Security and Safety

Risk Score Profile between Quarter 1 2022/23 and Quarter 4 2022/23

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Quarter 1 2022/23	Risk Score Quarter 2 2022/23	Risk Score Quarter 3 2022/23	(Current) Quarter 4 2022/23	Target Risk Score Q4
R1	Pressure on the delivery of Children Services	Cabinet Members for Social Services	Social Services / Children Services	20	25	25	25	12
R2	Stability of Social Services Providers	Cabinet Members for Social Services	Social Services / Adult Services	25	25	25	20	12
R3	Pressure on Adult & Community Services	Cabinet Members for Social Services	Social Services / Adult Services	25	25	25	20	12
R4	Balancing the Council's Medium-Term budget	Leader of the Council / Cabinet	Transformation & Corporate Finance	12	20	20	20	10
R5	Highways Network / Infrastructure	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	20	20	20	20	15
R6	Pressure on Housing and Homelessness Service	Cabinet Member for Strategic Planning, Regulation & Housing	Environment & Sustainability / Housing & Communities	20	20	20	20	12
R7	Newport Council's Property Estate	Cabinet Member for Infrastructure & Assets	Transformation & Corporate / People, Policy & Transformation	16	16	16	16	12
R8	Eliminate Profit from Social Cares	Cabinet Members for Social Services	Social Services / Children Services	-	-	15	15	4
R9	Information and Cyber Security	Cabinet Member for Organisational Transformation	Transformation & Corporate / People, Policy & Transformation	16	12	12	12	8
R10	Schools Finance / Cost Pressures	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	9	12	12	12	12

Risk Reference	Risk	Lead Cabinet Member(s)	Lead Directorate / Service Area	Risk Score Quarter 1 2022/23	Risk Score Quarter 2 2022/23	Risk Score Quarter 3 2022/23	(Current) Quarter 4 2022/23	Target Risk Score Q4
R11	Demand for ALN and SEN support	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	6
R12	Educational Out of County Placements	Deputy Leader & Cabinet Member for Education & Early Years	Chief Executive / Education Services	12	12	12	12	4
R13	Welsh Government's Net Carbon Zero Target by 2030	Cabinet Member for Climate Change & Biodiversity	Environment & Sustainability / Environment & Public Protection	12	12	12	12	2
R14	City Centre Security and Safety	Cabinet Member for Infrastructure & Assets	Environment & Sustainability / Infrastructure	10	10	10	10	9

Appendix 2 – Quarter 4 NCC Service Area Risk Summary

Directorate	Service Area	Total 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}
Chief Executive	Education	5	0	0	5	0	0	0	0
	Regeneration & Economic Development	4	0	0	4	0	0	0	0
Environment & Sustainability	Environment & Public Protection	4	0	0	4	0	0	0	1
	Housing & Communities	4	0	0	4	0	0	0	0
	Infrastructure	5	0	0	5	0	0	0	0
Social Services	Adult Services	4	0	2	2	0	0	0	0
	Children Services	3	0	0	3	0	0	1	0
	Prevention & Inclusion	2	0	1	1	0	0	0	0
Transformation & Corporate	Finance	6	1	1	4	0	1	0	0
	Law & Standards	2	0	1	1	0	0	0	0
	People, Policy & Transformation	6	0	0	6	0	1	0	0
Total		45	1	5	39	0	2	1	1

*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

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 74 2	Low	Constraint on achievement of Service Plan objective that does not impact on Corporate Strategy	Brief disruption of service that has a minor impact on the delivery of a service. Service disruption 1 day.	<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.

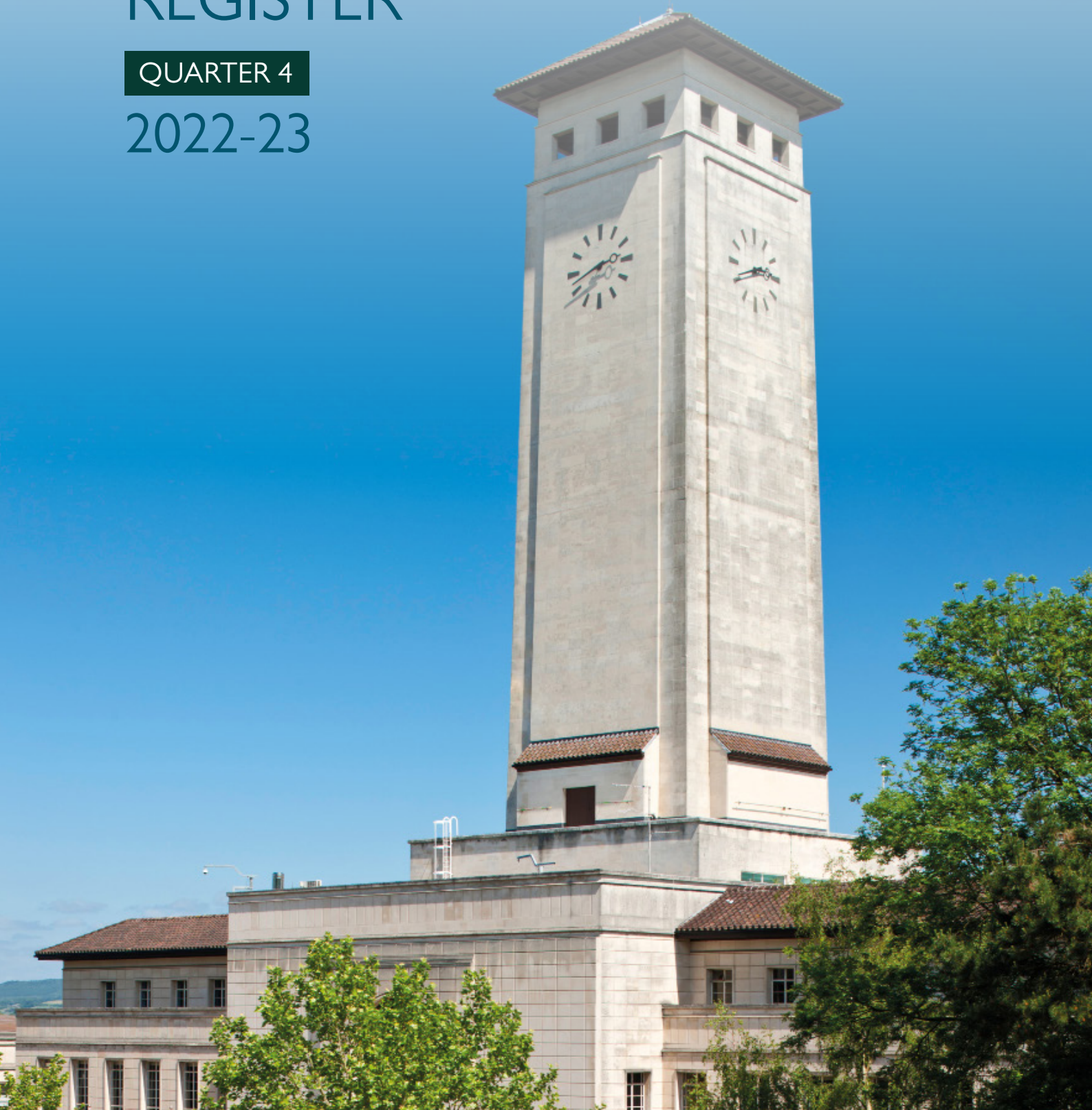


NEWPORT
CITY COUNCIL
CYNGOR DINAS
CASNEWYDD

CORPORATE RISK REGISTER

QUARTER 4




2022-23






Corporate Risk Report Definitions

Direction of Risk

The change of risk score between previous quarter and the current quarter being reported.

Direction of Risk	Definition
	The risk score has decreased / improved since the last quarter update.
	The risk score has increased / worsen since the last quarter update.
	The risk score has remained the same since the last quarter update.

Risk Mitigation Action Plan

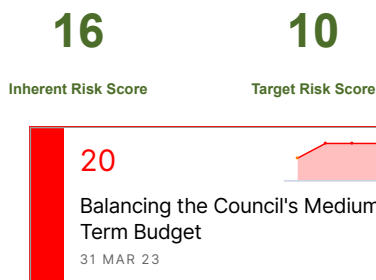
RAG Assessment	Definition
	Action is on track to be completed by the Agreed target date.
	Action is mainly on track with some minor issues preventing the action being completed by the agreed target date. Management interventions required to improve performance and close monitoring by the Head of Service / Service Management Team.
	Action is not on track with major issues preventing the action being completed by the agreed target date. Immediate management interventions and escalation to Directorate Management Board required to improve performance.

Abbreviations

ALN – Additional Learning Needs
 BP – Business Partner
 CCP – Climate Change Plan
 DOR – Direction of Risk.
 LAEP – Local Area Energy Plan
 MTFP – Medium Term Financial Plan
 NCC – Newport City Council
 OOC – Out of County
 PPT – People Policy & Transformation
 RAG – Red / Amber / Green
 RSL – Registered Social Landlord
 SEN – Special Education Needs
 SRS – Shared Resource Service (Newport Council's IT Partner)
 WLGA – Welsh Local Government Association
 YJS – Youth Justice Service
 'Name' – RAG – Defines a programme or project monitoring from service area plans

Balancing the Council's Medium Term Budget

Risk Overview	To meet the Council's requirement of reducing the gap between Council spend and Budget allocation over the next 3-5 years
Parent Service(s)	Finance (sv)
Lead Cabinet Member(s)	Leader of the Council & Cabinet Member for Economic Growth & Investment



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Finance reported to key strategic boards on monthly basis e.g. Executive Board, Directorate Management Boards, Corporate Management Team, Service Area Management teams. Finance updates reported to Cabinet on revenue and capital position. Corporate Governance and Council Constitution sets roles and responsibilities of financial management.
Internal Controls & Processes	<ul style="list-style-type: none"> Monthly finance (revenue and capital) forecasting of budgets to identify budget pressures and savings. Finance Business Partners supporting budget holders / senior managers. Budget setting process with senior officers / budget holders. Includes consultation with public and other key stakeholders.
Other Arrangements	<ul style="list-style-type: none"> Regulatory / Audit Wales review of Council finances. Internal Audit reviews of finance and financial controls. Local authority network and reporting to Society of Welsh Treasurers and Welsh Government.

Direction of Risk

	DoR	Comment
Balancing the Council's Medium Term Budget	➔	During the last quarter, the Council set its revenue budget for 2023/24, which reflected a balanced budget, as per the legal requirements. However, despite setting a balanced budget for 2023/24, the medium term outlook remains extremely challenging, with a £27m budget gap currently identified. This will prove difficult to address, considering the level of savings already identified for 2023/24. In addition, there remains significant uncertainty in relation to inflationary pressures and potential funding constraints over the medium term horizon, which could add to the budget gap currently identified. The overall rating, therefore, remains at the same level as the previous quarter.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Lobbying of Welsh Government via Society of Welsh Treasurers and WLGA.	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Procurement review of Contracts and contract inflation	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Regular review of Medium Term Financial Position with other local authorities.	01 Jul 2022	31 Mar 2023	31 Mar 2023	★
 Review of non-service area budgets and resources	01 Jul 2022	30 Nov 2022	31 Jan 2023	★
 Review of Pressures submitted by service areas.	01 Jul 2022	30 Sep 2022	31 Jan 2023	★
 Robust monitoring of the in-year financial position by service area budget holders.	01 Jun 2022	31 Mar 2023	31 Mar 2023	★

City Centre Security & Safety

Risk Overview	Minimise the risks and disruption to people and businesses due major incidents or deliberate acts that pose hazards to people and business and can result in structural damage; damage/disruption to infrastructure and utilities; impacts on business continuity, reputation, and the economy, in both the city centre and affected surrounding areas.
Parent Service(s)	Infrastructure (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Protect Duty Act is currently going through Parliament, which will create a statutory duty for Counter Terrorism preparedness to be undertaken across all City Centres across the UK. Newport City Council along with the Wales Extremism Counter Terrorism Unit (WECTU), Heddlu Gwent Police and other emergency services have formed the Newport City Council Protectiveness Security and Preparedness Groups (PSPGs), chaired, and led by NCC. A key role of PSPGs will be the multi-agency assessment of current risk and vulnerabilities, and provision of effective mitigation in a proportionate manner. PSPGs will also ensure responsibilities under the new Protect Duty are discharged.
Internal Controls & Processes	<ul style="list-style-type: none"> Included in the NCC Infrastructure Service Area Plan is the objective to ensure Newport City Council is meeting its requirements under the Civil Contingencies Act, by developing and having in place effective governance and control arrangements to identify, prepare and respond to events in Newport. Supporting this objective, the Council has a well-established and integrated Corporate Emergency Management Plan, which outlines arrangements which are intended to assist the co-ordination of the Authority's response to any actual, or threatened incident, or emergency, while maintaining normal services as far as possible. The plan provides a flexible framework of procedures to enable a quick, effective and appropriate response to mitigate the effects of an incident or emergency that may have an impact on the Council's response. The Council's Emergency Management Structure provides a framework of integrated emergency management to ensure co-ordination within the Council and with external agencies. The structure enables the Council to respond at an operational, tactical and strategic level. At a strategic level in any incident a Gold Duty Officer (Chief Executive, Strategic Director, Head of Service) will be available to decide on what actions to take. Via the Civil Contingencies Duty Officer systems, the Council also provides a 365 24/7 incident response. Consideration to be given to incorporating structured and strategic conversations about security and counter terrorism into pre application stage of major developments.
Other Arrangements	<ul style="list-style-type: none"> Through the duties of the Civil Contingencies Act 2004, that Council also works in partnership with key responding agencies, including the emergency services, to ensure a timely and effective multi agency response to incidents. Multi Agency Plans and Procedures are developed via the Gwent Local Resilience Forum. Due to significant recent major incidents across the UK (Manchester Arena Bombing) the Council with its partners review any recommendations resulting from inquiries to ensure that where necessary appropriate learning is integrated into existing plans and procedures.

Direction of Risk

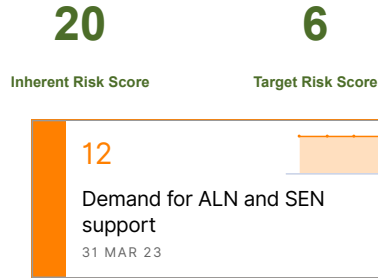
	DoR	Comment
City Centre Security & Safety	➔	The primary work associated with the security and safety of the City Centre remains in progress. Through an initial scoping study to ensure that changes to the city centre footprint are reflected, the Civil Contingencies Unit has now commenced work to develop and implement coordinated arrangements to improve the security and safety of all city centre users. In addition, through existing Council and Multi Agency Plans and Procedures, generic arrangements are in place to respond to and wherever possible mitigate the impacts of any incident irrespective of cause to any place across the Newport City Council area. Therefore, the risk score remains unchanged.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 City Centre Training to Businesses	28 Feb 2020	31 Mar 2024	31 Mar 2024	
 Co-ordinated evacuation arrangements	31 Mar 2020	31 Mar 2024	31 Mar 2024	

Demand for ALN and SEN support

Risk Overview	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.
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years








Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Schools Forum review and agree funding formulas and funding arrangements for school Schools Forum Finance sub-group. ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty.
Internal Controls & Processes	<ul style="list-style-type: none"> ALN Implementation finance subgroup review and discuss a number of funding formula models and agree on the most appropriate to be presented firstly to the Schools forum Finance Sub-Group and if in agreement will be presented at Schools Forum for ratification. ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.
Other Arrangements	<ul style="list-style-type: none"> Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.

Direction of Risk

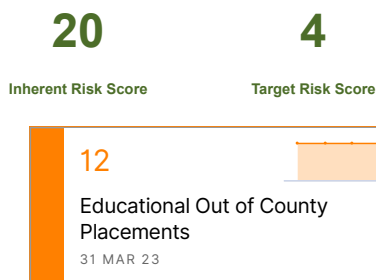
	DoR	Comment
Demand for ALN and SEN support	➡	The risk score has remained static as we continue to maintain the risk within the service area. However due to the increased cost of Teaching Assistants and the potential budget risks for schools this may cause an additional pressure in the future. The ALN Implementation group will review the implications of the ALN funding formula in the summer term to understand the impact of ALN funding on school budgets.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition up to age 24	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective dispute resolution	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Establish a coherent anti-poverty strategy across all service	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Extend specialist provision including Welsh medium within the city to accommodate needs identified...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

Educational Out of County Placements

Risk Overview	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.
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years








Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Procurement and Head of Service approval needed for OOC placements.
Internal Controls & Processes	<ul style="list-style-type: none"> ALN Panel scrutinise pupil information to identify if a specialist placement is needed as part of their statutory duty. Monthly budget monitoring and review of cost of planned OOC placements Procurement and Head of Service approval needed for OOC placements. Specific OOC ALN Officer responsible for monitoring OOC provision and where possible look for local alternative provision.
Other Arrangements	<ul style="list-style-type: none"> Newport LA has commissioned 14 places at Catch 22 a primary age Social, Emotional, Behaviour Difficulties Independent Education Provider to reduce the risk of pupils requiring OOC placements.

Direction of Risk

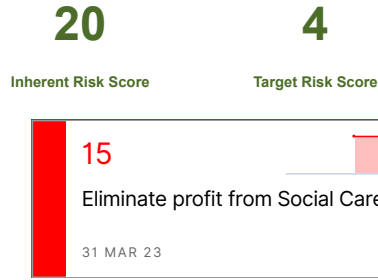
	DoR	Comment
Educational Out of County Placements	➔	The OOC risk has remained the same as the last quarter. We have retendered for the secondary Social Emotional Behavioral Difficulties (SEBD) provision contract and are awaiting the outcome. The consultation on the proposal to open a secondary Autism Spectrum Disorder (ASD) Base in 2023-24 with a view to retain as many pupil placements locally has concluded and the outcome of the the proposal is due in the summer term. Both of these areas of work will lead to additional local provision for pupils with SEBD or ASD.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Develop a Post – 16 Transition Plan to support ALN learner at all points of transition up to age 24	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Develop feedback system for learners, parents & carers to support effective dispute resolution	01 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Establish a coherent anti-poverty strategy across all service	01 Sep 2022	31 Mar 2024	31 Mar 2024	★
 Extend specialist provision including Welsh medium within the city to accommodate needs identified...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Implement the ALN and Educational Tribunal Act 2018...	01 Apr 2022	31 Mar 2024	31 Mar 2024	★

Eliminate profit from Social Care

Risk Overview	Increased pressure on Local Authorities to ensure children are placed in accommodation which does not make profit from children by 2027 as part of Welsh Government Legislation. Although Welsh LA's support this in principle it may lead to LA's being forced into developing unregistered emergency placements for children. This is costly and could lead to prosecution of the Head of Children's Services.
Parent Service(s)	Children Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Children Services is working both nationally and regionally to create opportunities to reduce the risks. The Council's Corporate Plan and Service Plan has identified this as a strategic priority to deliver over the next 5 years. Regional collaborative working to identify options and opportunities to create in-house services. Bids have been submitted to WG to develop care homes for children and to assist with developing edge of care provisions in order to reduce the numbers of children entering the care system.
Internal Controls & Processes	<ul style="list-style-type: none"> Newport Council has several settings such as Windmill Farm, and Rosedale Cottage which provide in-house provision which is also available to other local authorities. Bids have been submitted to Welsh Government to develop further provision in Newport. Newport fostering team has a recruitment campaign which is aligned with Foster Wales
Other Arrangements	<ul style="list-style-type: none"> Newport is working with Action for Children to develop a local residential provision for our disabled children and developing further residential provision for our Unaccompanied Asylum Seeker Children. NCC has submitted a bid to Welsh Government for revenue funding up to £15m to support the delivery of this new requirement over the next 3 years. The funding will be used to develop projects to build in-house placement sufficiency. However, after the three year period it is uncertain whether NCC will receive additional funding. It is anticipated for NCC to be notified by the quarter 3.

Direction of Risk

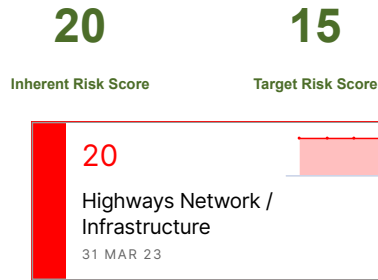
	DoR	Comment
Eliminate profit from Social Care	→	Risk score has remained the same for this quarter. However, there remains a significant risk of legal challenges against the Council where placements have to be made to practices 'Operating without Registration'. See Quarter 4 Cabinet and GAC Report for further information.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Focus on developing specialist fostering placements with psychological support.	01 Oct 2022	30 Apr 2023	30 Apr 2023	
 Increase the proportion of foster care provision within Newport.	01 Oct 2022	31 Aug 2024	31 Aug 2024	

Highways Network / Infrastructure

Risk Overview	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.
Parent Service(s)	Infrastructure (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<p>Highway Asset Management Plan</p> <ul style="list-style-type: none"> A quinquennial Highway Asset Management Plan (HAMP) is produced by City Services, which was last refreshed in 2019. It seeks to document the activities, processes, and information to support strategic investment decisions and long-term maintenance planning. It provides information on the assets we have responsibility for, monitors how they are performing, documents their depreciation and confirms levels of funding required to mitigate the demands placed upon them. <p>Highway Annual Status and Options Report</p> <ul style="list-style-type: none"> The highway Annual Status and Options report is a product of the HAMP that records the condition of the assets and seeks to identify and prioritise the funding need. The report sets out the status of our assets in terms of extent, value and condition and presents the projected outcome of identified investment options. <p>Highway Maintenance Manual</p> <ul style="list-style-type: none"> The Highway Maintenance Manual documents how the council manages the city's highway maintenance. It sets out how, as highway authority, it discharges its duties and the management of user risk.
Internal Controls & Processes	<ul style="list-style-type: none"> To ensure the asset condition, maintenance requirement and its associated risk to the highway user is understood, the service area undertakes the following internal controls and processes: <p>Reactive Safety Inspections</p> <ul style="list-style-type: none"> These are inspections undertaken in response to stakeholder notification of potential maintenance defects <p>Routine Inspections</p> <ul style="list-style-type: none"> This is a regime of planned safety inspections designed to identify defects that have the potential to cause harm to users and defects that require repair in order to prevent escalation of deterioration and increased (avoidable) maintenance needs. <p>Condition Surveys</p> <ul style="list-style-type: none"> These are both visual and specialist road condition "machine based" surveys, that record the condition of components of the asset to enable a programme of renewal/replacement to be prepared
Other Arrangements	<ul style="list-style-type: none"> The Highway Asset Management Plan projects an anticipated annual capital investment of £500k and an anticipated £1.86m revenue investment through to the end of the current plan in 2023/24.

Direction of Risk

	DoR	Comment
Highways Network / Infrastructure	➔	<p>Nationally, the condition of the country's highway infrastructure asset as a whole continues to be a cause of concern as a result of historic underinvestment.</p> <p>Within Newport, the annual highway network investment has continued to decrease over time whilst the number of roads maintainable at public expense and asset usage has continued to rise. Investment levels are failing to maintain "Steady State" as a minimum asset condition. Therefore, asset condition continues to deteriorate year on year.</p> <p>In addition to the impact of increased vehicles and usage of assets, increases in permitted axle weights, wetter winters and hotter summers are all resulting in accelerated deterioration and unpredictable asset failure.</p> <p>2022/23 has seen a decline in highway asset condition, especially within the carriageway and structures (bridges) asset groups.</p>

Risk Mitigation Action Plan

Executive Board have accepted no further Risk Mitigation can be undertaken to manage the risk. Ongoing assurance provided through internal / external audit reviews and regular risk assessments through Directorate / Service Area.

Information and Cyber Security

Risk Overview	Management and security of the Council's data to protect from being accessed and processed inappropriately. This includes preventing inappropriate access, loss, theft, and malicious attacks to maintain business continuity and integrity of our data.
Parent Service(s)	People, Policy & Transformation (sv)
Lead Cabinet Member(s)	Cabinet Member for Organisational Transformation



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Existing governance is documented in the council's information risk management policy. This includes internal groups such as the Information Governance Group chaired by the Director – Transformation and Corporate and the Data Protection Group. It also includes roles of Senior Information Risk Owner (SIRO), Data Protection Officer (DPO), the Information Management team and a designated Cabinet Member with this strategic responsibility. The Annual Information Risk Report is formally reviewed by Overview Scrutiny Management Committee and Cabinet Member – Organisational Transformation. Existing Organisation / Service Area management structure to report and escalate issues to senior officers. Also could be a Programme / Project Board, Task & Finish Group or other governance group which are aware and have oversight of the risk.
Internal Controls & Processes	<ul style="list-style-type: none"> An Annual IT Health Check is carried out in line with requirements of the Public Services Network (PSN). Regular hardware and software updates are carried out by the IT Service. Technical controls are in place including the use of endpoint protection, firewalls, encryption, backups, security certificates, mobile device management etc. Physical security measures are in place to prevent inappropriate access. Data Protection Impact Assessments (DPIA's) are carried out and an Information Risk Register is managed. The council's IT Service, the Shared Resource Service (SRS), has a security function complementing council staff as well as security embedded in various roles. The council has processes for out of hours incidents including the SRS.
Other Arrangements	<ul style="list-style-type: none"> Audit Wales conducts independent reviews including on cyber security. The council is a member of the Warning and Reporting Point (WARP). Shared Resource Service is responsible for the Council's management of systems and processes.

Direction of Risk

	DoR	Comment
Information and Cyber Security	→	<p>Existing governance is documented in the council's information risk management policy including the Information Governance Group and the Annual Information Risk Report. The council has a new Senior Information Risk Owner (SIRO) and briefings have taken place. An Annual IT Health Check is carried out in line with requirements of the Public Services Network (PSN) and is currently planned for May 2023.</p> <p>Regular hardware and software updates are carried out by the IT Service. Technical controls are in place including the use of endpoint protection, firewalls, encryption, backups, security certificates, mobile device management etc. The implementation of a Security Operations Centre (SOC) and Security Information and Event Management (SIEM) system should be completed in 2023 and this will provide further protection. Physical security measures are in place to prevent inappropriate access and a data centre move to a more resilient data centre should be complete in April/May 2023.</p> <p>The council's IT Service, the Shared Resource Service (SRS), has a security function complementing council staff as well as security embedded in various roles. The council has processes for out of hours incidents including the SRS.</p>

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Implement Security Information and Event Management (SIEM) system and Security Operations Centre.	01 Oct 2022	30 Sep 2023	30 Sep 2023	★

Newport Council's Property Estate

Risk Overview	NCC has a significant property estate covering over 170 operational buildings (circa) such as the Civic Centre, Telford Depot, and its school estate 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.
Parent Service(s)	People, Policy & Transformation (sv)
Lead Cabinet Member(s)	Cabinet Member for Infrastructure & Assets



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Council's Capital Strategy Asset Management Group is responsible for the monitoring, delivery and reporting of the Council's Assets. This is represented by senior officers from the Council and representatives from the Council's Property Services partner, Newport Norse. The Schools' / Social Services estate is also overseen by the People Capital Group which also includes representatives from the Council's Property Services partner, Norse Norse and Council representatives.
Internal Controls & Processes	<ul style="list-style-type: none"> Newport Council has contract arrangement with Newport Norse who oversee the management and maintenance of the Council's estate. Service Areas are responsible for the building assets which they use across the Council's estate. Newport Norse are responsible for undertaking regular building condition assessments to ensure that they meet necessary legislative and building regulations. The assessments completed by Newport Norse are risk assessed and reported through the Council's governance groups. Maintenance work completed on the Council's estate is prioritised based upon risk including any reactionary / immediate work that has to be completed. School's estate is devolved to schools and managed through their arrangement with Newport Norse and the Corporate Landlord Policy establishes responsibilities also.
Other Arrangements	<ul style="list-style-type: none"> Newport Council has a maintenance budget of £1.5m in its capital programme. However, it is estimated that the Council should be spending £8.5m pa. The Council has a contract arrangement with Newport Norse to oversee and manage the estate portfolio (including schools)

Direction of Risk

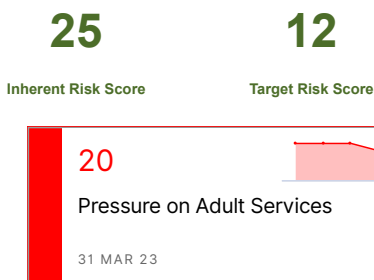
	DoR	Comment
Newport Council's Property Estate	➔	The risk reflects the significant investment required in the property estate across a range of properties. The Council have begun on a significant rationalisation programme which will include discussions around targeted investment to reduce this risk score. However at this stage, there have been no significant changes to the estate that would warrant a change in the risk score.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Adherence to the Corporate Landlord Policy and ensuring that all Premises Managers are accountable.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Asset Rationalisation - RAG	01 Oct 2022	31 Mar 2025	31 Mar 2025	★
 Develop and manage effective contract management arrangements with Newport Norse.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Establish the Civic Centre investment requirements to provide a suitable office environment.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Review NCC Strategic Asset Management Plan, and Disposal and Asset transfer strategies.	01 Oct 2022	31 Mar 2023	31 Mar 2023	★

Pressure on Adult Services

Risk Overview	There is increasing 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.
Parent Service(s)	Adult Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Newport Council has a new structure with a Director of Social Services and three service areas to deliver Social Services. There are regular Directorate and Service Area meetings held to monitor and report the delivery of Adult Services. At a regional level the Council is part of the Regional Partnership Board which oversees the delivery of social services across Gwent. A Population Needs Assessment has been undertaken for Gwent in relation to the forecasting of demand and provision of services across Newport and Gwent.
Internal Controls & Processes	<ul style="list-style-type: none"> NCC Adult Services has various mechanisms to monitor and report on the delivery of its services through financial and non-financial performance measures. Regular reports and updates are provided through Directorate, Service and Team management levels in the organisation.
Other Arrangements	<ul style="list-style-type: none"> The delivery of Adult Services is subject to External Regulatory review through Care Inspectorate Wales. Internal Audit provide assurance in relation to the delivery of Adult Services.

Direction of Risk

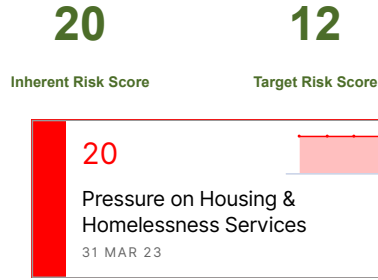
	DoR	Comment
Pressure on Adult Services	✓	Pressure remains however recent recruitment to some key posts slightly improves the situation.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Appointeeship Service - RAG	01 Apr 2021	31 Mar 2024	31 Mar 2024	★
 Dementia Hwb in Newport - RAG	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Hospital Service - RAG	01 Oct 2022	31 Mar 2023	31 Mar 2023	★
 Integration of Frailty service into Info, Advice & Assistance hub - RAG	01 Apr 2021	31 Mar 2023	31 Mar 2023	●
 Redesign of Adult Services - RAG	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

Pressure on Housing & Homelessness Services

Risk Overview	Increased pressures being faced by the Council's housing service as result of new legislative requirements, lack of affordable permanent accommodation, cost of living crisis and uncertainty over future financial grants from Welsh Government
Parent Service(s)	Housing & Communities (sv)
Lead Cabinet Member(s)	Cabinet Member for Strategic Planning, Regulation & Housing













Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Housing and Homelessness is being monitored through existing governance arrangements through the Directorate Management Board and Service Management Team. Furthermore there are existing team arrangements to monitor and report the delivery of the service. The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated subgroups with Registered Social Landlords and Rough Sleeper Strategic Group.
Internal Controls & Processes	<ul style="list-style-type: none"> Weekly meetings are held with the finance BP to discuss budgets and forecasting. The Housing and Homelessness teams also submit monthly finance forecasts and produce quarterly performance measures to monitor performance. There are also other operational performance measures monitored and reported through the teams. The team also submit monthly Wales Housing statistics to Welsh Government.
Other Arrangements	<ul style="list-style-type: none"> Welsh Government grants were received during 2022-23 which reduce the overall spend on the housing advice and temporary accommodation service. WG has advised that additional grant funding will be forthcoming in future years but has given no indicative figures. The Housing and Homelessness teams are also involved with the Strategic Housing Forum and its associated sub groups with Registered Social Landlords and Rough Sleeper Strategic Group. NCC provides regular monitoring performance reports on its housing and homelessness position.

Direction of Risk

	DoR	Comment
Pressure on Housing & Homelessness Services	➔	Welsh Government's 'No one left out' policy continues to have an impact on the number of households whom the authority has a statutory duty to accommodate in temporary accommodation. Supply is not keeping pace with demand and the cost of living crisis has started to increase this demand further. A number of initiatives are being explored to increase the supply of temporary and permanent housing.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Complete a Private Rented Sector Strategy	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Deliver Housing Support Programme Strategy (HSPS) and undertake review of actions	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Develop a cost-effective training program, quality standards & KPIs to support housing staff.	01 Jan 2023	31 Mar 2024	31 Mar 2024	★
 Develop a methodology for assessing the impact of affordable housing on community well-being.	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Develop an overarching Corporate Housing Strategy.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Develop initiatives to support an effective private rented sector.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 New on-call service is developed and introduced providing best value to citizens.	07 Nov 2022	31 Mar 2024	31 Mar 2024	★
 Newport Housing Sector Programme - RAG	01 Oct 2022	31 Mar 2027	31 Mar 2027	★
 Produce a Housing Prospectus	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Produce a Local Housing Market Assessment	01 Oct 2022	31 Mar 2023	31 Mar 2023	●
 Recruit a Strategic Co-ordinator to take forward the Rapid Rehousing Transition Plan	01 Oct 2022	31 Mar 2023	31 Mar 2023	★
 Review the Common Allocations policy in line with rapid rehousing.	01 Oct 2022	31 Mar 2024	31 Mar 2024	●
 Review the Community Housing Protocol	01 Apr 2021	31 Mar 2023	31 Mar 2023	●
 Work with RSL partners to apply for emerging funding streams for the development of accommodation	01 Oct 2022	31 Mar 2023	31 Mar 2023	★

Pressure on the Delivery of Children Services

Risk Overview	Children Services are facing pressures to manage to manage increase in volume of referrals and cases of children with complex needs. This is in a context of inflationary cost rises and budgets not being able to meet these cost increases; alongside recruitment and retention issues across the Social Care sector and in Newport.
Parent Service(s)	Children Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Children Services delivered in accordance with Social Services and Well-being Act, Well-being of Future Generations and Children's Act. There are governance arrangements in place at local, regional and national levels. Directorate and Service Management Teams meet monthly to provide service and performance updates on the delivery of the service. This includes performance, finance and HR information to inform decision making. Additionally, the Council's Executive Board and Corporate Management Team has oversight in the delivery of services. At a regional (Gwent) level, Heads of Service and Director of Social Services represent Newport Council at the Regional Partnership Board. Service pressures are reported here and collaborative working between agencies and other local authorities. The Safeguarding Board and Children's Family Strategic Partnership Board collaboratively work at regional levels to monitor and manage demand issues.
Internal Controls & Processes	<ul style="list-style-type: none"> The Council's Children Services teams deliver services in compliance with the Social Services and Well-being Act and Children's Act. Internal Controls and processes are established to meet these requirements under the different Acts. WCCIS system monitors and records caseloads and case management across social services. Regular (Monthly) check ins and case management meetings are held between the Council's staff and managers to monitor and manage caseloads. Collaborative and co-production working takes place between Children Services and other agencies to manage caseloads. This includes Foster Wales. Human Resources – HR Business Partners support Managers with the recruitment and retention of staff including working the Council's Communications team to promote social care roles. Finance – monthly forecasting and monitoring of finances across Children services. Mechanisms in place to escalate budget pressures and Finance Business Partners forecasting demand pressures / resources. Commissioning and procurement to find best value for residential placements. Performance Management – Monthly reporting to Welsh Government and regular performance monitoring of services in Newport.
Other Arrangements	<ul style="list-style-type: none"> Care Inspectorate Wales (External Regulator) and Internal Audit provide assurance of governance, internal control and risk management. Third sector partnership working with Barnardos – prevention and statutory functions supporting families, MyST, residential homes provision, and Foster families.

Direction of Risk

	DoR	Comment
Pressure on the Delivery of Children Services	➔	Children Services continues to have high demand for services and a crisis in recruitment and retention. The current budget position is highly likely to have a huge impact on delivery of services moving forward.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Access appropriate regional and National workforce development groups.	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Acquisition of new YJS intervention hub.	01 Oct 2022	31 Mar 2025	31 Mar 2025	
 Children Services - Support staff to access social care training to social work qualification.	01 Oct 2022	31 Mar 2024	31 Mar 2024	
 Develop support provided by the YJS incorporating robust early intervention and prevention work.	01 Apr 2022	31 Mar 2024	31 Mar 2024	
 Extend the Rapid Response team with an expanded evening and weekend crisis offer.	01 Oct 2022	30 Jun 2023	30 Jun 2023	

Schools Finance / Cost Pressures

Risk Overview	Cost pressures of schools are not met resulting in increased deficit budgets
Parent Service(s)	Education Services (sv)
Lead Cabinet Member(s)	Deputy Leader & Cabinet Member for Education & Early Years

20 12
 Inherent Risk Score Target Risk Score



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Structures within Education and Finance support the escalation of identified issues to senior officers, Heads of Services and Executive Board. In addition, the Schools Forum is a statutory committee which acts as a consultative body in relation to any changes to the schools funding formula, and task and finish sub-groups are created to consider specific elements where necessary. Schools Governors are also responsible for monitoring and reporting school finance positions.
Internal Controls & Processes	<ul style="list-style-type: none"> The Finance Business Partners provide a key role through their relationships with schools, and support early identification of emerging issues. Any issues are escalated to the Lead and Senior Finance Business Partners and the Assistant Head of Education to consider intervention and discussions around appropriate mitigating actions.
Other Arrangements	<ul style="list-style-type: none"> Each school has a Service Level Agreement with the Council to support them in financial planning and monitoring, although schools have a choice in the level of service they wish to procure under these arrangements.

Direction of Risk

	DoR	Comment
Schools Finance / Cost Pressures	➔	The situation with school budgets remains very fragile. One primary school is expected to close the 2022/23 financial year in deficit, and it is likely that a number of schools will be unable to set a balanced budget for 2023/24 without either a licensed deficit or significant mitigating measures. The scale of this potential issue is still being modelled by schools with support from their nominated Finance Business Partners. A series of four support sessions were made available to schools during March 2023, but these were not well attended, particularly by primary schools. Once the positions for 2023/24 are confirmed, colleagues in Finance will work with schools to model the impact on future years.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
Monitoring of Primary, Secondary & Special Schools In-Year Budgets	01 Apr 2020	31 Mar 2022	31 Mar 2023	
Review approved school budgets and investigate future spend plans...	01 Apr 2022	31 Mar 2024	31 Mar 2024	

Stability of Social Services Providers

Risk Overview	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.
Parent Service(s)	Adult Services (sv)
Lead Cabinet Member(s)	Cabinet Member for Social Services



Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> Newport City Council is consistently reviewing and monitoring the provision of residential and non-residential care providers in the city and across the region. Regular Directorate and Service area meetings are held including representatives from Finance to assess and forecast the Council's financial position. Extensive work being undertaken regionally and nationally to support providers and to explore alternative models of provision. This includes Welsh Government officials and is linked to extensive focus and work with health colleagues to explore care in hospital settings and the need to provide community based care.
Internal Controls & Processes	<ul style="list-style-type: none"> The Council undertakes regular monitoring and assessment of placements and care packages across Adult Services. The Commissioning team are in weekly if not daily contact with providers in order to support packages of care. Similarly staff from the teams are in very regular contact with residential providers including links with Care Inspectorate Wales. The Council's financial monitoring and reporting of care provision is also undertaken monthly. Contract management arrangements are in place to manage provision and ensure providers meet necessary requirements, standards and provide value for money.
Other Arrangements	<ul style="list-style-type: none"> The focus on this area of work is extensive including external monitoring.

Direction of Risk

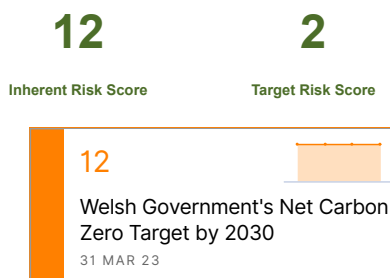
	DoR	Comment
Stability of Social Services Providers		Provider services remain vulnerable but we have some improvement and flow of brokered packages of care.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Collaborate with residential/dom care providers to ensure fair & sustainable costs are maintained	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Increase the provision of accommodation for adults with learning disabilities.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

Welsh Government's Net Carbon Zero Target by 2030

Risk Overview	Welsh Government has set a target for all public sector bodies to be net zero carbon by 2030. To achieve this target, NCC has a Climate Change Plan 2022-27 to deliver key actions and projects.
Parent Service(s)	Environment & Public Protection (sv)
Lead Cabinet Member(s)	Cabinet Member for Climate Change & Bio-diversity













Existing Arrangements to Manage Risk

Governance	<ul style="list-style-type: none"> The Climate Change Plan is overseen by the Climate Programme Board. Six subgroups are in place to lead on each of the themes which reports to the Climate Programme Board. Strategic Director (Environment & Sustainability) is the chair of the Climate Programme Board and lead officer of the Climate Change Plan. Strategic Director (Transformation & Corporate) is Deputy Lead and Vice Chair.
Internal Controls & Processes	<ul style="list-style-type: none"> Quarterly reports are reported to the Programme Board and Cabinet Member and half yearly reports are reported to Overview and Scrutiny Management Committee. An Annual Report which includes council carbon emissions is reported to Cabinet each year. Action plans are reviewed on an annual basis to agree work for the following year.
Other Arrangements	<ul style="list-style-type: none"> The council is working with partners to implement the Local Area Energy Plan which is the route map to a carbon net zero energy system by 2050 for the whole of the local authority area. The council is also working with One Newport partners to develop a Newport-wide strategy.

Direction of Risk

	DoR	Comment
Welsh Government's Net Carbon Zero Target by 2030	→	Further work quantified to model and cost the route to net zero carbon by 2030. Good progress being made to better understand our supply chain emissions.

Risk Mitigation Action Plan

Mitigating Action	Start Date	Target Date	Estimated Completion Date	Performance
 Accelerate the roll out of access to Electric Vehicle charging for residents (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Engagement with Newport's industrial cluster to decarbonise (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Identify and apply for funding to support actions across the Climate Change Plan.	01 Apr 2022	31 Mar 2024	31 Mar 2024	●
 New buildings net zero and retrofit existing buildings (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 PPT support the Council's Climate Change Plan delivering Our Buildings, Our Land and Procurement	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 PPT support the Council's Wider Role to achieve net zero in the Climate Change Plan.	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Support Cardiff Capital Region work on regional Domestic Energy Efficient schemes (CCP & LAEP)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support reducing transport emissions and develop integrated network (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support reduction in emissions of goods and services the Council procures (Climate Change Plan)	01 Apr 2022	31 Mar 2024	31 Mar 2024	★
 Support to improve organisation Climate Change Culture & Leadership	01 Oct 2022	31 Mar 2024	31 Mar 2024	★
 Support to reduce transport emissions and develop integrated network (Climate Change Plan)	01 Oct 2022	31 Mar 2024	31 Mar 2024	★

Report

Governance and Audit Committee

Part 1

Date: 27 July 2023

Subject **Audit Wales and Regulatory Bodies Published Reports 2022/23 between December 2022 and March 2023.**

Purpose To present an update on Audit Wales and Regulatory (Care Inspectorate Wales / Estyn) bodies reports / inspections completed between December 2022 and March 2023 along with the Council's response.

Author Head of People, Policy and Transformation

Ward All

Summary The Governance and Audit Committee is required under its terms of reference 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.

There are three external regulators: Audit Wales, Care Inspectorate Wales, and Estyn. Each body is responsible for providing assurance that the Council is fulfilling its statutory duties and providing value to the public. This report covers the regulatory reports / inspections completed by each body between December 2022 and March 2023 including a summary of the Council's response (where applicable) and any additional actions which the Council is undertaking to respond to the recommendations.

Proposal The Governance and Audit Committee is asked to consider the contents of this report of the regulatory activity completed and 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).

All reports received by the Council are considered by the relevant Directors and Heads of Service impacted by the report. All reports are shared with relevant Cabinet Member(s). Where recommendations are raised for the Council to consider / action, the relevant service area(s) are required to confirm their response (if applicable). These may already be actions identified in their service plans, risk mitigation response, programmes / projects being delivered by the service area or bespoke actions. Where service areas are not able to implement the recommendations e.g. resources, prioritisation etc, they are asked to provide an explanation to support their decision.

This report provides an overview of the reports that have been published by the three regulatory bodies between December 2022 and March 2023. Where recommendations have been highlighted, service area(s) response to these recommendations and action(s). The report also provides an update on actions reported in the previous report.

Audit Wales (Appendix 1)

Audit Wales (AW) 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 period covered in this report, AW have published three reports: 3 national (thematic) reports. Each of these reports and the Council's response is outlined in Appendix one of this report where recommendations have been raised for local authorities to consider and if applicable implement necessary actions.

Additionally, we have also provided updates, where applicable on progress against other Audit Wales reports. These were originally reported to the Governance & Audit Committee in January 2023.

Care Inspectorate Wales

Care Inspectorate Wales (CIW) are the independent regulator of social care and childcare in Wales. CIW are responsible for registering, inspecting and taking action to improve the quality and safety 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.

CIW publish the majority of inspection reports on their website but does not publicly report on children's homes, secure accommodation and residential family services to protect the privacy of children and people using that service. Newport City Council is responsible for 11 services (4 adults and 7 children's) in Newport. All inspection reports including the action plans for improvement are reported to the Social Services Directorate Management Team, Executive

Board and shared with Social Services Cabinet Members. Progress updates are also reported through these mechanisms throughout the year. An overview of inspections completed in 2022/23 is provided in Appendix 2 of this report.

In the period covered in this report, no national or local studies have been reported by Care Inspectorate Wales which specifically refer to Newport City Council.

Estyn (Appendix 2)

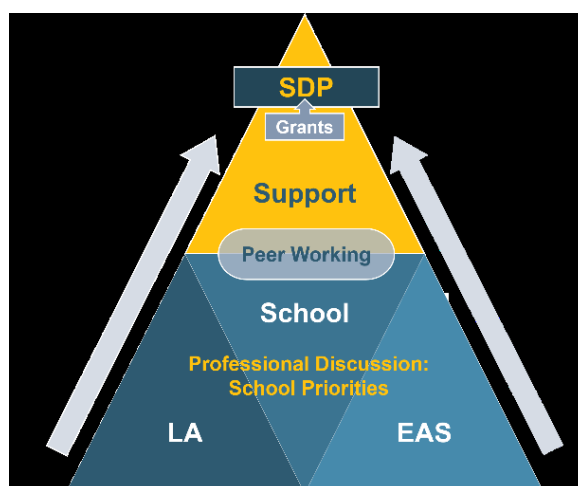
Estyn is the independent inspection and advice service on quality and standards in education and training provided in Wales. Estyn inspect quality and standards including all schools, further education, adult community learning, local government education services, teacher education and training, Welsh for adults, work-based learning, and others. Below is an overview of how Newport Council, the Regional School Improvement Partners (EAS) and schools collaborate to monitor and implement recommendations and actions from Estyn Thematic, local and School inspection reports.

Appendix 2 of this report provides an overview of Estyn activity completed in 2022/23 with one national (thematic) review and four school inspections. Links are available for further information.

Estyn / Newport Council School Inspection and Assurance Overview.

Newport Council's Education Service works in partnership with its School Improvement Partners [Education Achievement Service \(EAS\)](#), Gwent Regional group) to ensure that schools in Newport have the bespoke support they require to meet the recommendations in Estyn inspection reports and to monitor their progress against the recommendations.

This is achieved through the Regional Approach to School Improvement (see diagram to the right). To support the process the Council's Education Service alongside the school and EAS collaborate to monitor and assure that recommendations and actions are delivered to improve performance.



The following activities are undertaken:

- **School Development Planning (SDP) Professional Discussion** – Annual professional discussion with the school leaders, Chair of Governors to assess performance, progress against their priorities, Estyn, Internal Audit recommendations.
- **Termly Supported Self-Evaluation** – Quality assure areas of strength and development including self-evaluation against any Estyn recommendations.
- **Team Around the School Meeting (identified school)** - Collaborative meetings between a school, the LA and EAS which are held on a 4-6 weekly cycle, for schools identified as requiring targeted, intensive support and are focussed on the forensic needs of the school.
- **Multi-Agency Meetings (secondary schools in Special Measures)** - These meetings are held on a termly basis, for secondary schools in the Estyn category of Special Measures. The outcome of these meetings and next steps, are reported and discussed with the EAS through the monthly partnership meeting, with the LA.

Appendix 1 – Summary of Audit Wales reports

Appendix 2 – Summary of Estyn Inspection reports
 Appendix 3 – Audit Wales NCC reports.

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	All Regulatory reviews and reports are shared with the relevant Senior Officers and Cabinet Members. Recommendations and Actions are delivered and monitored by the relevant service area(s) with corporate monitoring by People, Policy and Transformation	Corporate Management Team

*Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Corporate Plan 2022-27
 Climate Change Plan

Options Available and considered.

1. 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.
2. To request further information or reject the contents of this report.

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 adverse budgetary impacts as a result of this report. Any recommendations made by the regulatory bodies in the reports issued during the first nine months of the financial year will be addressed through existing resources. Where this is not possible, consideration will need to be given to alternative mitigation or the impact will need to be factored into the Council's medium term financial planning. Some of the recommendations make specific reference to financial considerations and these will be reflected, as appropriate and practicably, within key financial plans, such as the annual budget report and Capital Strategy.

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 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. We maintain a strong and ongoing working relationship with the three regulatory bodies and support their work completed throughout each 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: 20 July 2023

Appendix 1 - Audit Wales Reviews 2022/23

The table below provides an overview of completed Audit Wales between 1st April 2022 and 31st March 2023. Where recommendations have been raised, the Council's response and further actions have been included. Updates have been provided for the end of year report where they were marked as 'In Progress' in the Governance and Audit Committee report from January 2023.

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
Local Report - NCC Annual Audit Summary 2022 March 2023	For information report. Audit Wales summary providing an overview of their work completed since January 2022. No recommendations were raised in this report.	Leader of Newport City Council Senior Officers.	No recommendations raised.	Not Applicable	Not Applicable
National Report - Digital Inclusion in Wales March 2023	For information report. Audit Wales high-level overview of digital inclusion in Wales. Report examined the data and information surrounding access to digital services and internet across Wales. No Recommendations were raised in this report.	<u>Cabinet Member(s)</u> Councillor Dimitri Batrouni - Cabinet Member for Organisational Transformation. <u>Lead Directorate / Service Area(s)</u> Transformation & Corporate / People, Policy & Transformation	No Recommendations raised.	<u>For Information</u> Newport City Council's Digital Strategy was approved by Cabinet in April 2023. The Strategy supports the findings in the report, with actions to improve digital access to services in the Council.	Not applicable
Three National Themed Reports – Alleviating and Tackling Poverty. National Report – Poverty in Wales 'Time for Change' November 2022 National Report – Social Enterprises 'A Missed Opportunity' December 2022 Together We Can – Community	In 2022/23 Audit Wales published three reports looking at how local government is alleviating and tackling poverty. The first report 'Time for Change' examined impact of poverty across Wales and the response of national / local government. Six recommendations raised for local authorities to consider. The second report examined how local authorities are working to grow and expand social enterprises to help	<u>Cabinet Member(s)</u> Councillor Deb Harvey - Cabinet Member for Community Well-being. <u>Lead Directorate / Service Area(s)</u> Social Services / Prevention and Inclusion. Environment & Sustainability / Housing & Communities. Supporting: Education Services and People, Policy & Transformation.	There were 11 recommendations raised in total for local authorities to consider. Summary of the recommendations are: 1. Local strategies, targets and performance reporting for tackling and alleviating poverty. 2. Leadership on the poverty agenda. 3. Experience mapping to create inclusive services for people in poverty. 4. Web Landing page for people seeking help. 5. Streamlining and improving application and information services for people in poverty	<u>In Progress / Update Position</u> Newport Council has completed 4 out of 11 recommendations raised (recommendations 1, 2, 4 and 5). Recommendations 3 (Experience mapping) and 5 (application & information services) will be considered as part of a wider review which is being led by Finance service area and is reviewing the Council's customer experience. Additionally, as part of the Council's Transformation work,	Prevention & Inclusion and Housing & Communities service area. December 2023

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
<p>Resilience and Self-Reliance. January 2023</p>	<p>deliver more services and reduce demand. Three recommendations were raised for local authorities to consider.</p> <p>The third and final report examined how local authorities are creating the conditions needed to transform ways of working and empower communities to thrive as independently as possible. Two recommendations have been raised for local authorities to consider.</p>		<ol style="list-style-type: none"> 6. Complying with the Socio-Economic Duty. 7. Self-evaluation of social enterprises across local authorities and create an action plan. 8. Create. monitor and report progress against the action plan. 9. Integrate the use of social enterprises into Director of Social Services report. 10. Local authorities use the Audit Wales evaluation tool to assess community resilience. 11. Create, monitor and report on an action plan. 	<p>as necessary service areas will consider this area.</p> <p>The 3 reports and its remaining actions were examined by a senior officer working group (see lead service areas). The group examined the recommendations raised considering the Council's and wider regional strategic priorities, and resources.</p> <p>The working group concluded that currently the Council does not have sufficient resource to undertake the self-evaluations recommended by Audit Wales and to then monitor its delivery. It identified that the Council's Corporate Plan, Service Plans and Transformation work are already examining many areas covered through the self-evaluations.</p> <p>Additionally, the group was made aware of several other research work being undertaken locally such as Safer Newport review, Key Cities (UK review) and Regional Public Services Board (Marmot Review) who are also examining the impacts of poverty and cost of living. This work also aligns to the regional Gwent PSB Well-Being Plan which is working to Marmot principles and as such is supported by partner agencies.</p> <p>The Council will be establishing a Cost of Living Steering Group which will consider these report findings, and recommendations to prioritise the Council's approach.</p>	

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
National - Flood Risk Management December 2023	This is a for information report which sets the context on how flood risk management is works in Wales. The focus of the report is on the management of flood risk rather than the emergency response when floods do happen. No Recommendations were raised in this report.	<p><u>Cabinet Member</u></p> Cllr Laura Lacey, Cabinet Member for Infrastructure and Assets. <p><u>Directorate / Service Area</u></p> Environment & Sustainability / Infrastructure	Not Applicable	Not Applicable	Not Applicable
Local Review - Assurance and Risk Assessment Review November 2022 Page 114	To identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of its resources. Focused on the following areas of the Council: <ul style="list-style-type: none"> • Financial Position • Local Government & Elections Act 2021 • Carbon Reduction Plan • Newport Intelligence Hub Two Recommendations for NCC consideration.	<p><u>Cabinet Member(s)</u></p> Cllr Jane Mudd, Leader of Newport City Council <p><u>Lead Directorate / Service Area(s)</u></p> Newport City Council Executive Board	<p><u>Recommendation 1 – Carbon Reduction Planning Arrangements</u></p> The Council should ensure its proposed actions to reach net zero carbon by 2030 are: <ul style="list-style-type: none"> • Fully costed in terms of their carbon reduction impact to enable them to be evaluated and prioritised. And • Fully reflected in its financial planning. 	<p><u>In Progress</u></p> Funding plan currently under development as part of the Climate Programme work. This will not include buildings costs. A buildings assessment is currently underway to fill this gap which should be complete in March 2023 and will also be used to inform the asset rationalisation programme. <p><u>Update:</u> A full funding plan is under development as part of our climate change work. The Council will be assessing its funding plan across Climate Change Plan themes and as part of the Council’s Medium Term Financial Planning (revenue and capital).</p>	<p>Environment & Public Protection and Finance Service Areas</p> <p>March 2024</p>
			<p><u>Recommendation 2 – Carbon Reduction monitoring of progress</u></p> The Council should develop a robust and comprehensive set of metrics that support each planned action to measure, forecast impact and report progress to net zero carbon by 2030.	<p><u>Complete</u></p> Metrics are already defined in the Climate Change Plan . A review of the plan will take place in Q4 2022-23 which will include reviewing and rationalising metrics to ensure they are focused and support the themes,	<p>Environment & Public Protection</p> <p>March 2023</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
				<p>priorities and actions in the plan and progress to net zero by 2030.</p> <p>Update: From 2023/24, each action has a dedicated performance metric (as far as practicable) to support the Climate Change Plan themes, priorities and actions in the plan.</p>	
<p>National Review – National Fraud Initiative 2020/21</p> <p>October 2022</p>	<p>NFI outcomes in Wales decreased by £1.5 million to £6.5 million in the 2020/21 exercise. Primarily due to fewer ineligible claims for Council Tax Single Persons Discount and Housing Benefit claims detected.</p> <p>While the majority of Welsh NFI participants display a strong commitment to counter fraud, 13 of the 22 Welsh local authorities identified 95% of the fraud and error outcomes achieved by the sector.</p> <p>This suggests that some local authorities have either failed to recognise the importance of the exercise or are unwilling to allocate adequate, skilled counter-fraud resources to investigate the NFI matches.</p> <p>Three recommendations raised by the report.</p>	<p><u>Lead Cabinet Member(s)</u></p> <p>Cllr Jane Mudd, Leader of Newport City Council.</p> <p><u>Lead Directorate / Service Area(s)</u></p> <p>Transformation and Corporate / Finance</p>	<p>Recommendation 1</p> <p>All participants in the NFI exercise should ensure that they maximise the benefits of their participation. They should consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application.</p> <p>Recommendation 2</p> <p>Where local auditors recommend improving the timeliness and rigour with which NFI matches are reviewed, NFI participants should take appropriate action.</p> <p>Recommendation 3</p> <p>Audit committees, or equivalent, and officers leading the NFI should review the NFI self-appraisal checklist. This will ensure they are fully informed of their organisation's planning and progress in the 2022-23 NFI exercise.</p>	<p><u>Complete</u></p> <p>Although Internal Audit co-ordinate the NFI on behalf of the Council they have limited resources to review all matches. Some matches are distributed to service areas to review. The Chief Internal Auditor will review the NFI web guidance and ensure all officers allocated matches to check do the same.</p> <p><u>Complete</u></p> <p>The NFI co-ordinator will work with Heads of Service of officers who have been allocated matches to check to ensure rigorous checking is undertaken on a timely basis.</p> <p><u>In Progress</u></p> <p>The NFI co-ordinator will review the NFI self-appraisal checklist and ensure the Governance and Audit Committee is made aware of the Council's involvement with the 2022/23 NFI exercise.</p> <p>Update: Due to the resources challenge in Internal Audit, we have had to put this on hold pending</p>	<p>Finance</p> <p>Finance</p> <p>Finance</p> <p>December 2023</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
<p>Local Review – Springing Forward Workforce.</p> <p>October 2022</p>	<p>How the Council strategically plans for its workforce requirements both now and in the future, how it monitors its workforce and how it reviews and evaluates the effectiveness of its arrangements.</p> <p>Overall Conclusion – Newport Council has applied the sustainable development principle to develop a clear vision for its workforce that is supported by effective implementation arrangements.</p> <p>Two Recommendations were raised for NCC consideration.</p>	<p>Lead Cabinet Member(s)</p> <p>Cllr Dimitri Batrouni, Cabinet Member for Organisational Transformation</p> <p>Lead Directorate / Service Area(s)</p> <p>Transformation and Corporate / People, Policy & Transformation</p>	<p>Recommendation 1 – Sustainable Development Principle</p> <p>The Council should use the sustainable development principle to shape the revision of its People and Culture Strategy, considering longer-term workforce risks and opportunities.</p> <p>Recommendation 2 – Performance Management</p> <p>The Council should benchmark its workforce management information internally and with other organisations to strengthen its understanding of workforce performance.</p>	<p>recruitment exercise and review of the service.</p> <p>In Progress / Update Position</p> <p>The People Plan is a core document that supports our Corporate Plan. Following approval of the new Corporate Plan, People Plan development has commenced. Ongoing engagement to shape priorities. Once the themes emerge, Members and the senior team will agree our plan for the next few years.</p> <p>The detailed actions relating to workforce planning are outlined in the Service Plan with a target date of 31st December 2023.</p> <p>Complete</p> <p>Where data is available to the Council, we are assessing the Council's HR data with other local authorities. Additionally, WLGA (Data Cymru) has launched a dedicated page to compare performance with other local authorities including Human Resources data.</p>	<p>People, Policy & Transformation</p> <p>December 2023</p>
<p>National Review – Equality Impact Assessments 'More than a tick box exercise'</p> <p>September 2022</p>	<p>Examined the overall approach to undertaking Equality Impact Assessments (EIAs) across the 44 public bodies in Wales. Audit Wales focused primarily on understanding public bodies' approaches with a view to finding good or interesting practice and identifying any common areas for improvement. We did not</p>	<p>Lead Cabinet Member(s)</p> <p>Cllr Dimitri Batrouni, Cabinet Member for Organisational Transformation</p> <p>Lead Directorate / Service Area(s)</p> <p>Transformation and Corporate / People, Policy & Transformation</p>	<p>Recommendation 4 – Reviewing public bodies' current approach for conducting EIAs.</p> <p>Public bodies should review their overall approach to EIAs considering the findings of this report and the detailed guidance available from the EHRC and the Practice Hub. We recognise that developments in response to our other recommendations and the Welsh Government's review of the Public</p>	<p>Complete</p> <p>There is an action in the People, Policy & Transformation service plan to update the Council's Fairness and Equalities Impact assessment and to provide training / support. The team will consider the report findings as part of its review of the Impact Assessment.</p> <p>Progress against this action will be reported through the Strategic</p>	<p>People, Policy & Transformation</p> <p>March 2023</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 11</p>	<p>evaluate individual public bodies' approaches in detail.</p> <p>Overall Conclusion – There are examples of good practice in aspects of EIA process across public bodies examined. Many public bodies use guidance from Equality Impact Assessment in Wales Practice Hub. However, there are areas for improvement.</p> <p>Four Recommendations raised for Welsh Government and public bodies to consider.</p> <p>Recommendations 1 to 3 are for Welsh Government consideration. Recommendation 4 is for public bodies consideration.</p>		<p>Sector Equality Duty (PSED) Wales specific regulations may have implications for current guidance in due course.</p>	<p>Equalities Annual Report and Service Plan process.</p> <p>Update:</p> <p>The Council has accepted the recommendation and the findings of the report. The Council also has a 'Participation Strategy', which was adopted in May 2022 and outlines the Council's approach to improve participation and involvement in Council activities.</p> <p>In 2023/24 the Council will be developing its new Strategic Equality Plan which will be launched in April 2024. As part of its development the recommendations and findings of the Audit Wales report will be considered and where practicable integrated into the new Plan.</p>	
<p>Legal Review – Springing Forward Strategic Asset Management</p> <p>June 2022</p>	<p>The Audit Review sought to answer the question: Is the Council's strategic approach to its assets effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer term?</p>	<p><u>Lead Cabinet Member(s)</u></p> <p>Cllr Laura Lacey, Cabinet Member for Infrastructure & Assets</p> <p><u>Lead Directorate / Service Area(s)</u></p> <p>Transformation and Corporate / People, Policy & Transformation</p>	<p><i>Recommendation 1 – Develop longer term planning that is required by the Sustainable Principle</i></p> <p>The Council should demonstrate longer-term considerations for its property portfolio strategic planning and associated decision-making processes.</p>	<p><u>Complete</u></p> <p>Following the pandemic and the introduction of our 'New Normal' working policies and the development of our new Corporate Plan we will review our Strategic Asset Management Plan, and Disposal and Asset transfer strategies. This will be supported by an asset rationalisation programme in our Transformation Plan.</p> <p>The detailed actions relating to asset management are outlined in the People, Policy & Transformation Service Plan 22-24.</p> <p><u>Update:</u></p>	<p>People, Policy & Transformation</p> <p>March 2024</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
				<p>The Council has commenced its Asset Rationalisation Programme which is now examining the long term strategy in use of the Council's estate to meet the needs of its citizens and users. In the delivery of this programme, the Council is ensuring evidence based cases are considered to support strategic decision making. The delivery of this work is monitored and reported through the People, Policy & Transformation service plan.</p>	
			<p>Recommendation 2 – Further develop partnership working.</p> <p>Engage with public sector partners across Gwent to realise the potential benefits arising from a strategic approach to a single public estate.</p>	<p>Complete</p> <p>The Asset Rationalisation programme in our Transformation Plan will also consider opportunities for collaborating with partners, which maybe within a Gwent or local/Newport context.</p> <p>Update:</p> <p>As reported above, the Council is delivering its Assets Rationalisation programme. As identified above, the Council will be considering all viable avenues as part of evidence based cases which its estate have can be effectively used by other partners including public, charity, not for profit and private organisations. The delivery of this work will be monitored and reported through the People, Policy & Transformation service plan.</p>	<p>People, Policy & Transformation</p> <p>March 2024</p>
<p>National Review - Direct Payments for Adult Social Care</p> <p>April 2022</p>	<p>This report looks at how local authorities provide Direct Payments (DP) services to adults, examining their impact and value for money.</p>	<p>Lead Cabinet Member(s)</p> <p>Cllr Jason Hughes and Cllr Stephen Marshall, Cabinet Members for Social Services</p>	<p>Recommendation 1 – Promote and raise awareness of Direct Payments</p> <p>Review public information in discussion with service users and carers to ensure it is clear, concise and</p>	<p>Complete</p> <p>Public information reviewed on Website and available to all.</p>	<p>Adult Services</p> <p>December 2022</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
	<p>Overall Conclusion - Direct Payments support people's independence and are highly valued by service users and carers, but inconsistencies in the way they are promoted and managed by local authorities mean services are not always equitable and it is difficult to assess overall value for money.</p> <p>Ten recommendations are raised in the report:</p> <p>One recommendation (8) for consideration by Welsh Government and nine recommendations for local authorities to consider.</p>	<p>Lead Directorate / Service Area(s)</p> <p>Social Services / Adult Services</p>	<p>fully explains what they need to know about Direct Payments.</p> <p>Recommendation 2 – Promote and raise awareness of Direct Payments</p> <p>Undertake additional promotional work to encourage take up of Direct Payments.</p> <p>Recommendation 3 – Promote and raise awareness of Direct Payments</p> <p>Ensure advocacy services are considered at the first point of contact to provide independent advice on Direct Payments to service users and carers.</p> <p>Recommendation 4 – Direct Payments are consistently offered.</p> <p>Ensure information about Direct Payments is available at the front door to social care and are included in the initial discussion on the available care options for service users and carers.</p> <p>Recommendation 5 – Direct Payments are consistently offered.</p>	<p>Complete</p> <p>Replacement of staff due to vacancy has been successful and further promotional work with managed care and front door services within adults underway.</p> <p>We will have completed promotional work with all internal service areas in April 2023 and continue ongoing promotion externally.</p> <p>Update</p> <p>The replacement of staff was successful and we have an additional 2 fulltime staff focussed on improving the DP offer for Newport residents. In total 3 full time officers. Internal promotional work will be an on-going part of the service.</p> <p>Complete</p> <p>Advocacy referral is part of the offer when any information or consideration of DP.</p> <p>Complete</p> <p>DP workers closely aligned with the front door of Adult services.</p> <p>Complete</p> <p>Training available and the DP workers will be attending the</p>	<p>Adult Services</p> <p>April 2023</p> <p>Adult Services</p> <p>January 2023</p> <p>Adult Services</p> <p>November 2022</p> <p>Adult Services</p> <p>April 2023</p>

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
			Provide training to social workers on Direct Payments to ensure they fully understand their potential and feel confident promoting it to service users and carers.	managed care and front door team meetings to ensure clear understanding of what DP can offer and the process for all practitioners. Update Redesign of Adult services ensures the IAA at the front door includes DP. Managed care consider and discuss with person and at review of services, so routinely 3 opportunities to consider and discuss.	
			Recommendation 6 – Sufficient Personal Assistant capacity. Work together (All-Wales local Direct Payments Forum and Social Care Wales) to develop a joint Recruitment and Retention Plan for Personal Assistants.	Complete Regional work across Gwent to ascertain DP priorities will encompass this as a priority for the future of DP take up by citizens with eligible needs. Update A regional Lead in post and will continue to strengthen all aspects of DP.	Adult Services August 2023
			Recommendation 7 – Services provided equitably and fairly. Clarify policy expectations in plain accessible language and set out: What Direct Payments can pay for. <ul style="list-style-type: none"> • How application and assessment processes, timescales and review processes work. • How monitoring individual payments and the paperwork required to verify payments will work. • How unused monies are to be treated and whether they can be banked; and • How to administer and manage pooled budgets. 	Complete Regional work across Gwent to ascertain DP priorities will encompass this as a priority for the future of DP take up by citizens with eligible needs. The regional work will be reviewing all the processes and timescales required for DP. It will also cover all the points in recommendation 7 to ensure a consistent regional approach for all who access care and support through DP. Update Regional lead will work with local DP workers to develop and conclude	Adult Services August 2023

Audit Wales Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Audit Wales Recommendation(s)	NCC Action / Update	Completion by (Service Area / Date)
			Public information should be reviewed regularly (at least every two years) to ensure they are working effectively and remain relevant.	a strong and consistent service and offer for all.	
			<p>Recommendation 9 – Effectively manage performance to judge impact and value for money.</p> <p>Work together (Welsh Government and local authorities) to establish a system to fully evaluate Direct Payments that captures all elements of the process.</p> <p>– information, promotion, assessing, managing and evaluating impact on wellbeing and independence.</p>	<p>Complete</p> <p>Part of the regional work will be to ensure the effective management of the DP performance is value for money locally and regionally.</p> <p>Update</p> <p>Regional lead will work with local DP workers to develop and conclude a strong and consistent service and offer for all.</p>	<p>Adult Services</p> <p>December 2023</p>
			<p>Recommendation 10 - Effectively manage performance to judge impact and value for money.</p> <p>Annually publish performance information for all elements of Direct Payments to enable a whole system view of delivery and impact to support improvement.</p>	<p>In Progress</p> <p>Local publication of DP is underway and will also be part of the regional work to benchmark and consider any local amendments required to ensure growth and value for money for the public purse and that DP is meeting the care and support needs of citizens.</p> <p>Update</p> <p>Review of Adult Services performance measures being undertaken for 23/24 which will include examining Direct Payments measures,</p>	<p>Adult Services</p> <p>December 2023</p>

Appendix 2 – Care Inspectorate Wales Inspections of Adult and Children service provisions 2022/23

Service Provision	Adult or Childrens	Last Inspection Completed	Further Comments
Frailty Reablement Care	Adult Provision	January 2023	No non-compliance was identified with this service.
Childrens Provision A	Childrens Provision	June 2022	Reports can not be published as per Care Inspectorate Wales requirements.
Childrens Provision B		August 2022	
Childrens Provision C		September 2022	
Childrens Provision D		October 2022	
Childrens Provision E		December 2022	

Appendix 3 - Estyn Thematic Reports and Inspections

The table below provides an overview of Estyn Thematic Reports and a summary of inspections completed of Newport City Council schools between 1st April 2022 and 1st December 2022.

National (Thematic Reviews)

Estyn Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Estyn Recommendation(s)	NCC Action / Update Position Statement	Completion by (Service Area / Date)
Thematic Review – Effective approaches to assessment that improve teaching and learning. October 2022	<p>This report is written in response to a request for advice from the Minister for Education and the Welsh Language in his remit letter to Estyn for 2021-2022. It focuses on how maintained primary, secondary, all-age and special schools are developing effective approaches to assessment that improve teaching and learning.</p> <p>Six recommendations raised of which four (1 to 4) aimed at schools and two (5 and 6) for Welsh Government, Education Consortia and local authorities to implement.</p>	<p><u>Lead Cabinet Member(s)</u></p> <p>Cllr Deb Davies, Cabinet Member for Education and Early Years</p> <p><u>Lead Directorate / Service Area(s)</u></p> <p>Chief Executive / Education Services</p>	<p>Recommendation 5</p> <p>Develop constructive professional learning opportunities for schools to improve their understanding and use of formative assessment practices.</p>	<p><u>Completed</u></p> <p>These recommendations have been addressed by Newport's Partner School Improvement Service.' The Education Achievement Service, (EAS)'. Actions linked to each of these recommendations are embedded into the EAS Business Plan, 2022-2025, which is agreed by Cabinet and is regularly monitored by The Joint Executive Group and Company Board, of the EAS on a quarterly basis.</p> <p>This work is supported through the Regional School Improvement Model through the work of Learning Network and Professional Learning Schools across the region, Practitioner Networks, Development Groups, and a National, cross regional professional learning offer aligned to the Curriculum for Wales.</p>	<p>Education Service</p> <p>August 2023</p>
			<p>Recommendation 6</p> <p>Facilitate and support collaboration across schools to develop leaders' and teachers' understanding of progression and share effective practice in formative assessment.</p>	<p><u>In Progress</u></p> <p>Every school cluster attended a curriculum conversation to provide an update of progress towards Curriculum for Wales and their collaborative work across the cluster. Every school has completed a self-assessment exercise against their current progress and emerging practices. The EAS has targeted support and professional learning, to</p>	<p>Education Service</p> <p>August 2023</p>

Estyn Report / Date Reported	Report Overview	Lead Cabinet Member(s) / Directorate & Service Area	Estyn Recommendation(s)	NCC Action / Update Position Statement	Completion by (Service Area / Date)
				<p>meet the needs of individual schools and clusters. Seven out of the nine Newport Clusters are continuing to engage with the action research programme with Professor Mick Waters on developing a range of approaches to establish an agreed understanding of learner progression, across the cluster.</p> <p>The Curriculum for Wales design networks are supporting the sharing of practice in approaches to curriculum design, progression and assessment. The Local Authority have audited cluster plans and will be providing feedback to each cluster and will be providing guidance, example plans and case studies for sharing across all schools.</p>	

School Inspections

Inspections completed of NCC schools are for information only to the Governance and Audit Committee. Links are provided to view full inspection reports. See Inspection process overview in report.

School Inspected	Date of Inspection	Date Reported
Tredegar Park Primary School	October 2022	December 2022
Jubilee Park Primary School	October 2022	December 2022
Milton Primary School	October 2022	December 2022
High Cross Primary School	October 2022	December 2022
Langstone Primary School	February 2023	March 2023
Caerleon Lodge Hill Primary School	January 2023	March 2023
Newport High School	March 2023	April 2023
Monnow Primary School	February 2023	May 2023
Newport Nursery School	March 2023	May 2023

Report

Governance & Audit Committee

Part 1

Date: 27th July 2023

Subject Draft Statement of Accounts 2022/23

Purpose This report is to provide Governance & Audit Committee with a copy of the 2022/23 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. Once the external audit has been concluded, the committee will be presented with a final set of accounts for approval.

Proposal To note the draft 2022/23 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 a meeting of the committee during the autumn of 2023, once the audit has concluded. 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 then undertake their audit of the accounts over the coming months. The committee is required at this meeting to note and consider the Statement of Accounts. Between the issuing of the draft accounts and the final accounts, the committee is also asked to provide any questions or comments that they would like to feedback and discuss. The committee is requested to supply this information by the end of August so that it can be included within the final Statement of Accounts, this will also help ensure that the number of queries during the meeting are kept to a minimum. A high level overview of the key dates over the coming months is provided below, for information.

Draft accounts signed by Head of Finance	30 th June 2023
External audit	July 2023 to November 2023
Final accounts / ISA 260 Report	November 2023

It should be noted that the accounts will be placed on public display during August and September, but the dates are still to be confirmed.

This year's statement of accounts has been prepared in slightly different circumstances to those experienced in recent years. The impact of the COVID-19 pandemic was lesser than in the last three years and also there was little in the way of technical accounting changes to reflect in the accounts. However, the preparation of accounts period remained challenging, not least because of the work currently being undertaken by the Accountancy section to implement a new financial system, which has a direct impact upon the small team that are responsible for preparing the accounts. Therefore, it is an excellent achievement that the deadline of 30th June was met, as this has not proved possible in recent years.

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 2022/23, it highlights a more typical year than experienced in recent years, with a revenue underspend of circa £5m resulting. There remained high levels of slippage in the capital programme (circa £30m) and earmarked reserves reduced from £152m to £138m. The reduction in reserves was expected, as reserves were consumed in line with their original purpose.

As well as the narrative report, other key elements of the Statement of Accounts are the five key financial statements, a variety of the notes to the accounts (including the accounting policies applied in preparing the accounts, as well as the Group Accounts, which reflect the consolidation of Newport Transport Ltd's accounts with the Council's single entity accounts.

It should also be noted that as part of Newport's single entity accounts, the Council is required to consolidate the accounts for Cardiff Capital Region (CCR) City Deal. However, it has been confirmed that Newport will not receive CCR City Deal accounts until the end of July, therefore the consolidation will be included for the final accounts.

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.
The external audit of the accounts is not concluded by 30 th November 2023.	Medium	Medium	Council officers are working with Audit Wales to plan the audit process, although the availability of resources, especially within Audit Wales, could result in delays. Officers will seek to respond to audit queries in a timely manner so as not to unduly delay the process.	Audit Wales in conjunction with council officers.

* 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 2022/23 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 2023. This covering report highlights the context the small team responsible for producing the accounts was working within whilst preparing the accounts. To have met the deadline of 30th June 2023 for publishing the draft accounts is a good achievement and the staff involved should be commended for the work undertaken.

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 the Autumn of 2023.

Comments of Head of People. Policy & Transformation

The Statement of Accounts for 2022/23 provides an overview of the management of the Council's finances. 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 Wellbeing objectives. There are no HR issues arising from the report.

Comments of Cabinet Member

N/A

Local issues

N/A

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

- **Wellbeing of Future Generation (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. However, fairness and equality are considered as part of the Council's service delivery, and this report outlines the Council's responsibility to ensure its finances provide value for money and is spent in accordance with its statutory duties.

In terms of the Wellbeing of Future Generations (Wales) Act, and the five ways of working contained within it, this report and the associated documents highlights examples of these being supported. This report is a backwards looking, reporting financial activities of the Council. The report shows how we have complied with the CIPFA code in producing the accounts and it also gives an overview of the financial performance of the Council, both Revenue and Capital. It is a requirement of the Well-being and Future Generations Act that the Council needs to deliver services in a sustainable manner for future generations and the report gives an overview of how the Council is meeting this requirement and ensuring that it has the resources to deliver on its Wellbeing objectives.

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.

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. Nothing in this report is considered to have a direct equality impact.

Consultation

N/A

Background Papers

N/A

Dated: 7th July 2023

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Statement of Accounts

2022/23



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Statement of Accounts 2022/23

Newport City Council

Introduction

The 2022/23 financial year represented a challenging one for Newport City Council, like most other councils across Wales and the rest of the United Kingdom. Although the immediate impact of the COVID-19 pandemic lessened, a new challenge in the form of the cost of living crisis and high inflationary environment emerged. This directly impacted the Council by way of significantly increased costs for key supplies such as fuel, as well as higher than anticipated increases in employee pay. In addition to the direct impact, partners and service providers also experienced the same challenges, which resulted in further pressure on the Council's finances as those costs drove up the price the Council pays for services procured externally or provided on its behalf. As well as high inflation, demand for certain services, such as housing and children's social care, increased rapidly as a consequence of the long term impact of the pandemic. As with increasing costs, increasing demand for services also had a major financial impact. Despite these unprecedented financial challenges, the Council was able to manage its finances carefully and remain within its overall budget for 2022/23.

Aside from the challenging financial situation, 2022/23 was a more settled year, with the local elections in May 2022 returning the same administration and the recently introduced management structure embedding itself further. Following the election, a new corporate plan was developed and introduced, and the new transformation programme began to take shape. The new ways of working were implemented, with the year witnessing a gradual return of employees to office locations as part of the agreed hybrid working model. There was major progress in relation to some significant capital schemes, with both the Ysgol Gyfun Gwent Is Coed and Bassaleg Band B schools schemes nearing completion, as well as the commencement of the Transporter Bridge refurbishment and the near completion of the Devon Place active travel footbridge.

Heading into 2023/24, the financial pressures show no sign of easing quickly, with the costs of employee pay and services continuing to rise and demand for services showing no sign of abating. The medium-term outlook remains challenging, particularly against the backdrop of an extremely difficult recent budget round and the level of savings agreed for this financial year.

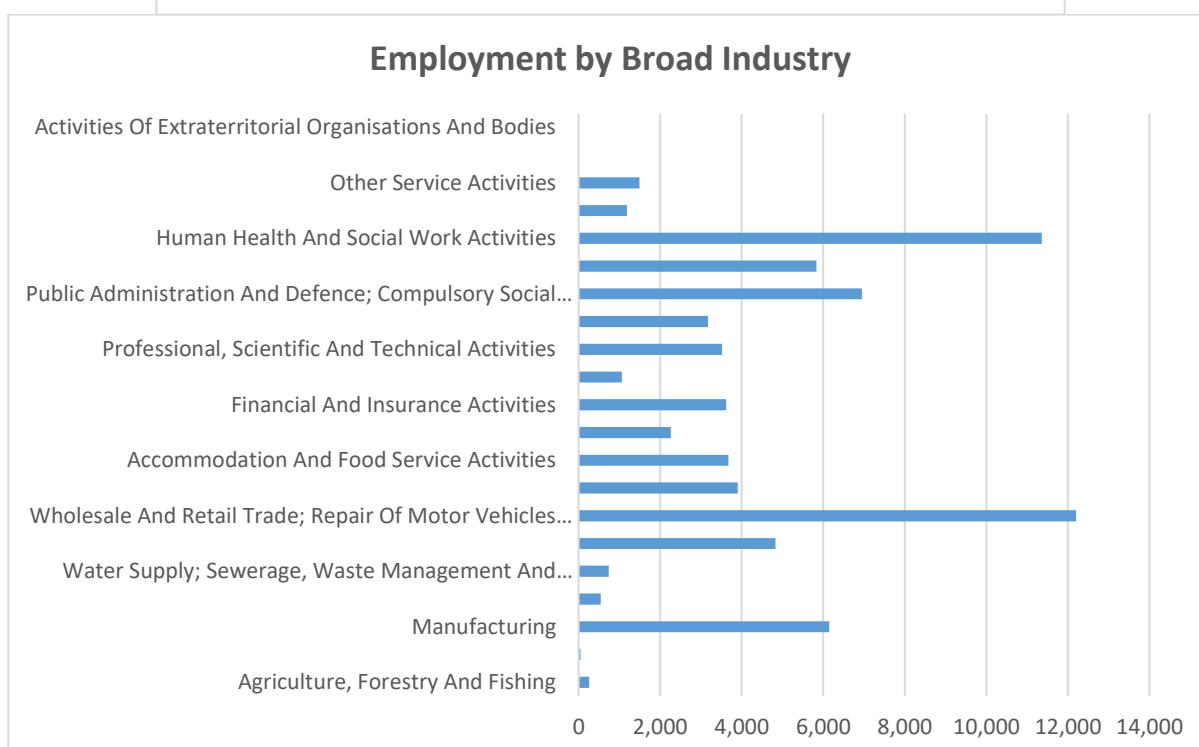
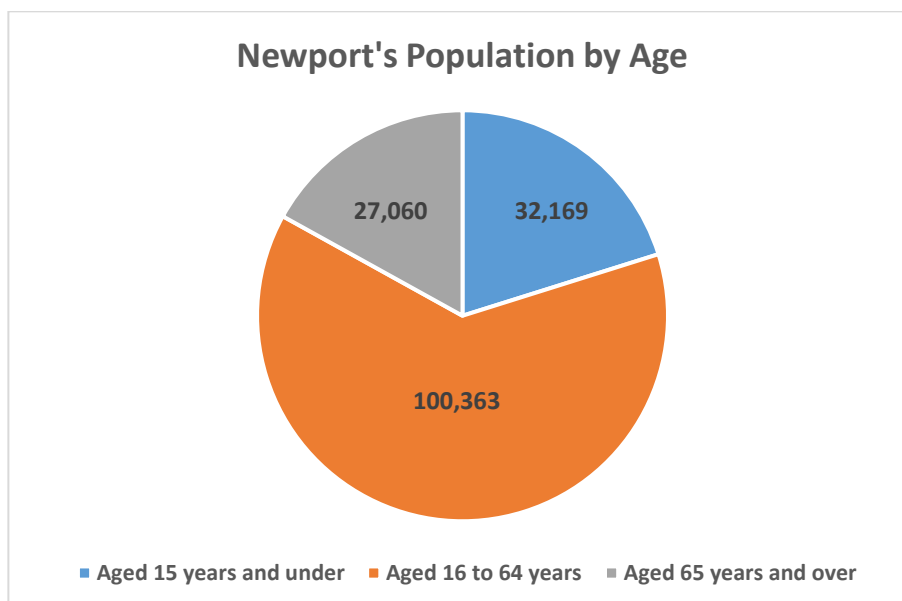
1. About Newport and the Council

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 2021 Census results showed that Newport's population increased by 9.5% from around 145,700 in 2011 to 159,600 in 2021. There is employment in the city of circa 73,000 across a broad range of industries.

Head of Finance Narrative Report for the Statement of Accounts

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Newport City Council



In November 2022, the Council approved its new [Corporate Plan 2022-2027](#) 'An ambitious, fairer greener Newport for everyone' which supports the Well-being of Future Generations Act. To deliver the Corporate Plan we have set four Well-being Objectives:

1. **Economy, Education and Skills** – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.
2. **Newport's Environment and Infrastructure** – A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.

Head of Finance Narrative Report for the Statement of Accounts

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3. **Quality Social Care and Community Services** – Newport is a supportive City where communities and care are at the heart of what we do.
4. **An Inclusive, Fair and Sustainable Council** – Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

To support the delivery of the Corporate Plan, the Council has adopted the following principles which are aligned to the statutory duties of fairness, equality (including socio-economic duty), sustainability principles and Marmot / Fairness Commission principles:

- Fair and Inclusive
- Empowering each other
- A Listening Council
- Newport's Values

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 directly to services delivered in partnerships with a number of other organisations.

2. The Council's Performance and Achievements in 2022/23

During 2022/23, Newport City Council started to see the longer term impacts that the COVID-19 pandemic has had, and continues to have, on vulnerable and disadvantaged communities as well as the health implications following the easing of restrictions. These impacts affected many front-line services including housing, adult and children's social care, education and schools, and prevention and inclusion services. In addition to this, the cost of living crisis, inflation and impacts of the Ukrainian conflict have affected many households and businesses, as well as the Council itself. This includes high energy, fuel and food costs, but also increases to mortgage and rent payments. All of these impacts placed additional demand on Council front line services.

The Council's Housing service has faced many challenges throughout the year with increasing demand on the service and residents requiring temporary accommodation. The Council, through its Registered Social Landlords, has been tackling this pressure, delivering over £20 million to invest in more affordable housing units.

Throughout the winter period, Newport City Council, alongside community and religious groups, offered warm spaces for residents to use, access services directly and get necessary support to access services. The Council has also been working in partnership with Gwent Association of Voluntary Organisations (GAVO) to support community food organisations to ensure residents were able to access food and services.

The Council is continuing to see good performance, with its recycling and waste collections meeting the Welsh Government's target. To continue this work towards the Welsh Government's target, and to ensure services are delivered sustainably, the Council agreed to change residual waste collections to every three weeks from 2023/24. The Council also commenced its work in delivering its ambitious Climate Change Plan to become a net zero carbon council by 2030. This work includes continuing its shift towards electric vehicles, ensuring council assets become net carbon zero and working with partners and wider businesses to reduce their carbon emissions.

At the end of 2022/23, Newport did not have any schools in statutory measures and has continued to see improvements with the number of young people Not in Education, Employment or Training (NEETs). Across adult education, the Council, alongside other public sector organisations and the third sector, continued to provide opportunities for training to learn new skills and delivery of job fairs. Good examples included the success of the Newport Youth Academy and work and skills programmes.

Head of Finance Narrative Report for the Statement of Accounts

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The Council's Public Protection and Regulatory services also continued to support businesses to meet regulatory requirements and delivered an effective enforcement programme against rogue traders and non-compliant organisations.

The Council is continuing its regeneration work, with work commencing on strategic developments such as the new Knowledge Quarter in the city centre and the Heritage Centre. It was disappointing not to obtain Levelling Up funding from the UK Government, however the Council was pleased to confirm over £30 million investment to support local initiatives and projects across the city's communities through the Shared Prosperity Fund.

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.

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 2023. 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 2022/23, 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.

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Newport City Council

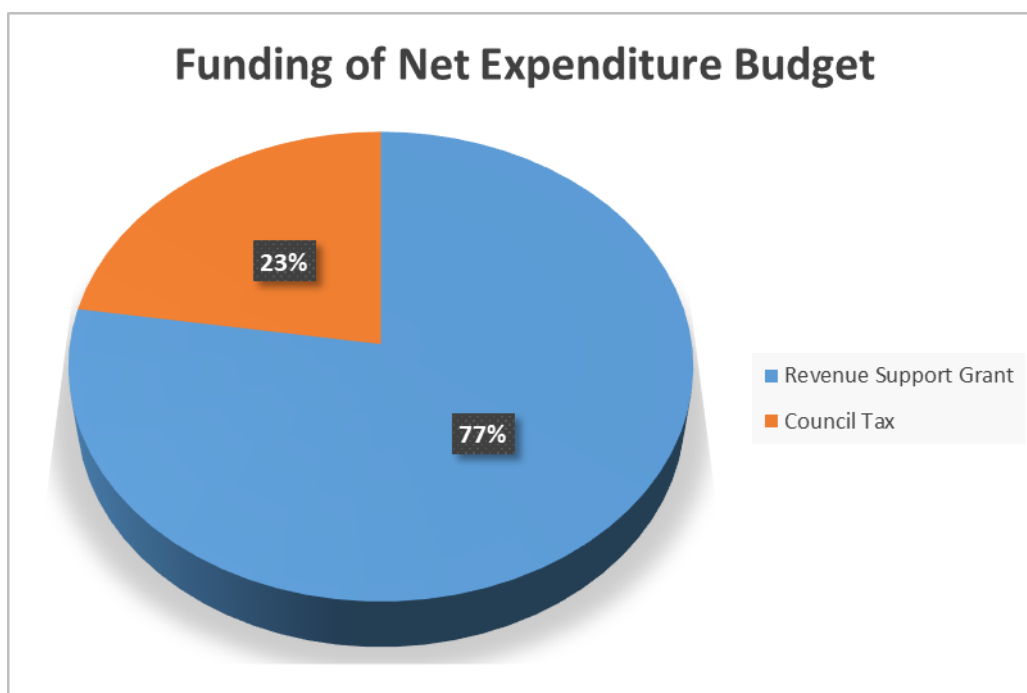
The narrative that follows this provides some informal commentary on the Council's financial performance, the balance sheet and future financial outlook.

4. Financial Performance 2022/23

The 2022/23 budget and funding

The 2022/23 budget setting process was, as with the previous year, set against the backdrop of a positive funding settlement from Welsh Government, with a final increase of £24.914m (equating to 10.4%) 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 reducing the increase in Council Tax to 2.4%, increasing the financial commitment to schools, and create an increased contingency provision in preparation for the uncertainty that the lasting impact of the COVID-19 pandemic could have.

The final approved net budget for 2022/23 was £343.0m, of which 77% was funded via WG Revenue Support Grant and redistributed non-domestic rates. The 23% balance was funded via Council Tax, set locally, as outlined 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 2.4% increase in Council Tax only contributed to a £2.3m increase in funding, compared with the WG funding increase of 10.4% which delivered an increase of £24.9m.



The net budget of £343.0m represented an overall increase of £27.1m on the net budget from 2021/22. The final budget included financial pressures in relation to inflation and increments totalling £10.4m, and budget investments amounting to £18.1m. The level of savings required was minimal (£812k) and there was a one-off use of earmarked reserves totalling £563k. The aforementioned 2.4% Council Tax increase was lower than the level assumed within the medium-term financial plan, although this meant that the Newport Council Tax rate, at £1,272 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

Head of Finance Narrative Report for the Statement of Accounts

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funding generating ability when compared with councils across the UK, restricting the level of investment that can be made within services.

Partly aided by the more positive settlement received, the medium-term outlook, at the point of setting the budget, reflected a modest budget gap for the years 2023/24 to 2024/25. Welsh Government provided an indicative funding settlement for the following years, which aided planning. However, it was known that there were specific risks on the horizon, namely the looming cost of living crisis, which were likely to add to the medium-term challenge.

Financial Performance – 2022/23

Revenue budget

The 2022/23 revenue outturn produced a net underspend, after core budget contributions to/from reserves and provisions, of £5.1m against the £343.0m budget (1.5% variance). This variance has arisen for several reasons, outlined in more detail via an individual service analysis of key variances shown later in this report.

At a high level, the following explains the position:

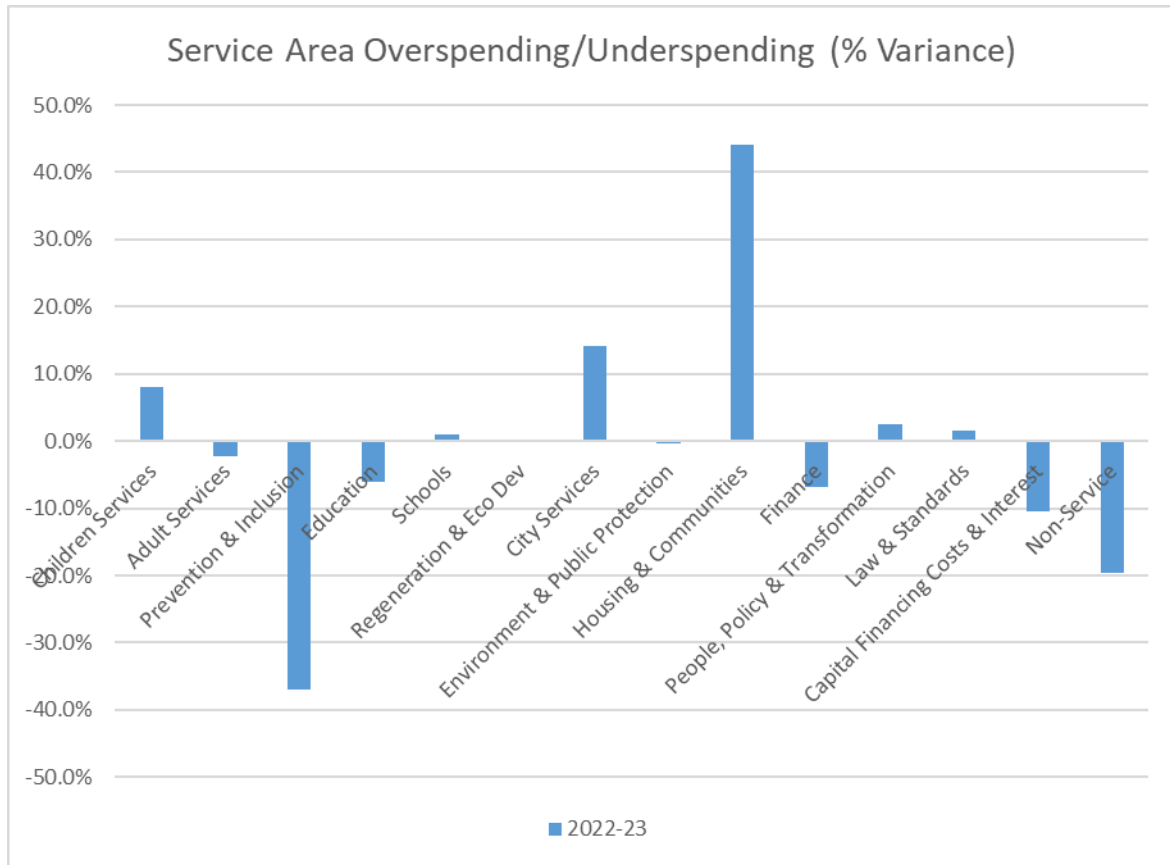
- Unbudgeted costs in relation to employee pay, fuel, transport and third party service costs.
- Increased demand for services in areas such as Children's Service and Housing.
- Availability of contingency budgets to offset the above costs.
- Receipt of unexpected Welsh Government grant funding, a large proportion of which was received in the final quarter of the financial year.
- Underspending against non-service budgets such as Council Tax Reduction Scheme and Capital Financing (the latter of which was expected due to the front loading of that budget in order to meet the commitments contained within the Capital Programme).
- General underspends against various service area budgets, due to vacancies and a concerted effort to restrict expenditure in light of the in-year financial pressures that emerged during the summer of 2022.

In contrast to the two previous years, the in-year expenditure patterns that occurred during 2022/23 have resulted in earmarked reserve balances reducing when compared with the carried forward balances. In the case of schools, there has been an overall reduction in collective balances, although this was largely expected as schools utilised grant balances received in the prior year. The graph below shows the outturn variances for each service area, expressed as a percentage of each service's net budget. The equivalent graph from previous years generally showed underspending across the board, with only one or two exceptions for certain services in certain years. However, in 2022/23, it can be seen that some services experienced significant overspends, as a percentage of budget, reflecting the challenges experienced during the year due to inflation and demand.

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In terms of schools, specifically, an overall overspend and consequent reduction in school balances was reported. This was largely expected, as schools were planning on utilising historic balances, which contained grant funding received in previous years. In addition, schools were required to absorb any emerging cost pressures during the year, which would have added to the overall overspend. However, the final overspend was actually lower than expected, suggesting that other savings resulted during the year.

Head of Finance Narrative Report for the Statement of Accounts

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Capital Programme

The Council's most recent capital programme concluded during the 2022/23 financial year and a new five-year programme has been agreed for the period between 2023/24 and 2027/28. The total expenditure incurred over the last five years is outlined below.

	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Actual	Total 5-year programme
	£m	£m	£m	£m	£m	£m
TOTAL EXPENDITURE	29.5	31.4	26.2	52.7	61.2	201.0

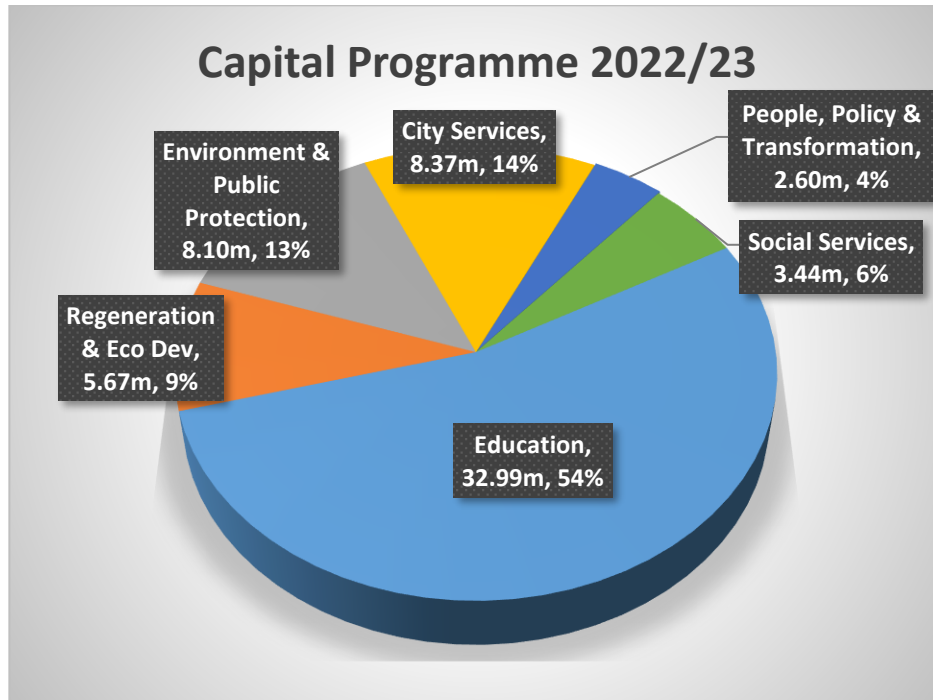
The total programme activity during 2022/23 included:

- Significant investment in schools through the Welsh Government's Sustainable Communities for Learning Programme.
- Various other school-related schemes including capital works required to enable the universal free school meals offer and works to support learners with additional learning needs.
- A number of social care projects, including the completion of the Windmill Farm scheme and continued investment in Disabled Facilities grants.
- A range of energy efficiency schemes including schemes aimed at lowering vehicle emissions
- Refurbishment works to the Transporter Bridge, which will continue into 2023/24.
- A variety of road, transport and infrastructure works, including the completion of the Devon Place footbridge and investment in private sector bus electrification.
- Investment into the Library building to facilitate the transfer of staff from the Information Station.

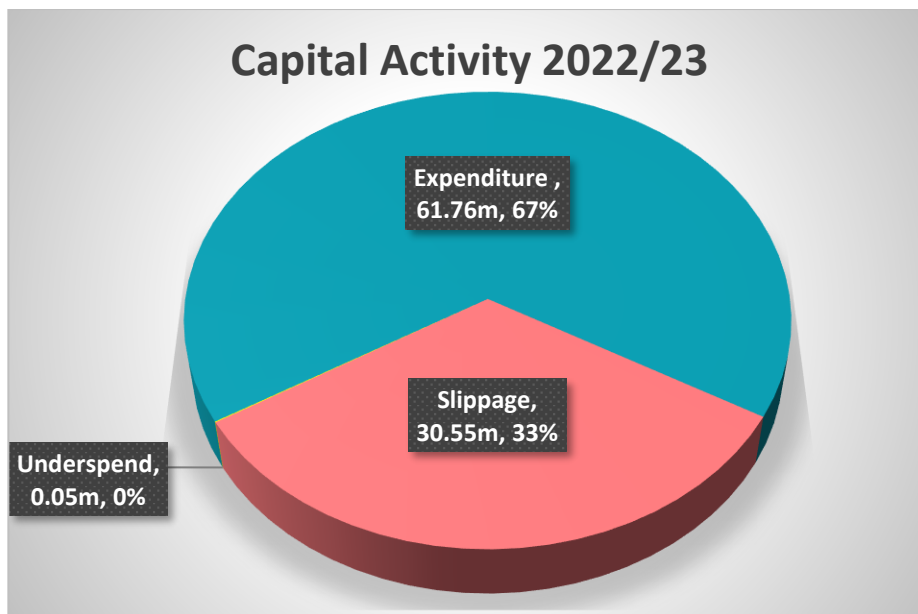
Head of Finance Narrative Report for the Statement of Accounts

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Newport City Council



During 2022/23, the Council actually spent £62.2m on Council assets to maintain and improve service delivery and to support regeneration initiatives. The outturn position for capital in the year showed a total slippage (budget moved into future years of the programme) of £30.6m and a net underspend of £0.05m.



The capital financing for the £62.2m expenditure was as follows,

Head of Finance Narrative Report for the Statement of Accounts

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Capital Expenditure 2022/23	£	Financed by:	£
Education & Schools	32.99m	Grants	45.90m
Regeneration & Economic Development	5.67m	Borrowing	10.46m
Environment & Public Protection	8.10m	Council Resources	4.12m
City Services	8.37m	Contributions & S106	0.69m
People, Policy & Transformation	2.60m		
Social Services	3.44m		
TOTAL	61.17m		61.17m

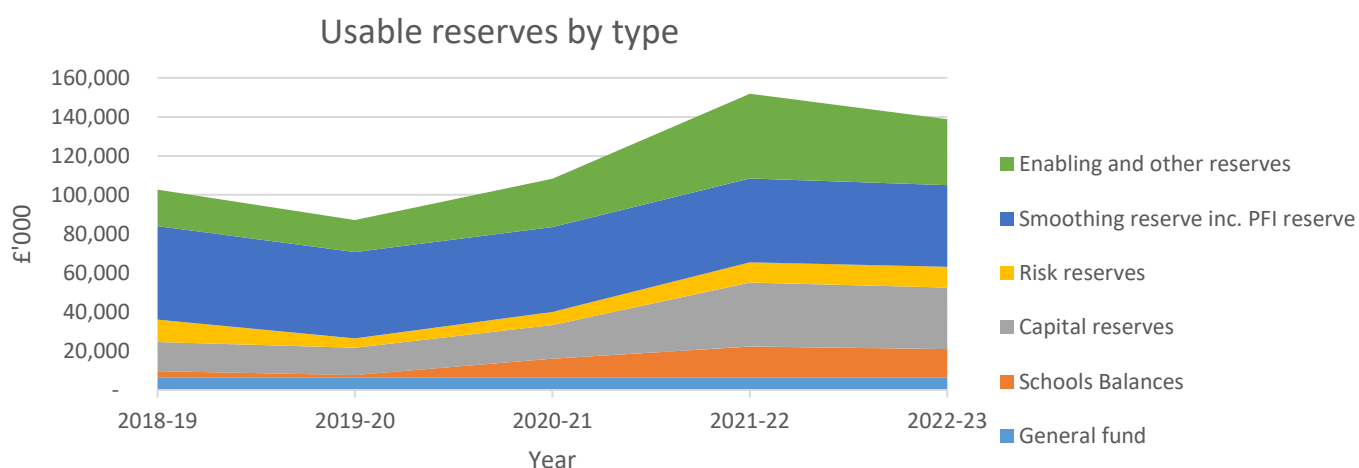
Balance Sheet

The Balance Sheet shows a 'snapshot' of the Council's assets and liabilities as at 31 March 2023, including its reserves. The Council's balance sheet has seen an increase in value between 2021/22 (net assets of £53.5m) and 2022/23 (net assets of £399.7m). This movement is mainly due to a significant reduction in the pension fund liability and an increase in short term investments. The pension fund liability is now £96m which, if excluded from the balance sheet, would leave net assets of £495m.

Usable reserves (a reserve which can be used to fund cash expenditure of the Council) of £138.9m shows the Council as having strong financial resilience. A further breakdown of these reserve balances is shown in the section that follows.

Usable Reserves

The level of the Council's usable reserves decreased, net, by £13.0m in 2022/23 from £151.9m to £138.9m. The General Fund Reserve remained unchanged at £6.5m (2.9% of net expenditure budget excluding schools). The chart below shows the level of reserves since 2018/19, 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.



Head of Finance Narrative Report for the Statement of Accounts

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Newport City Council

The chart above shows that the overall position in relation to usable reserves increased sharply between 2019/20 and 2021/22, before a reduction in 2022/23. There was a 40% increase in 2021/22 alone, and then a 9% decrease in 2022/23. It should be noted that this overall reduction was largely anticipated, despite the fact that an overall revenue underspend resulted in 2022/23. This is because there was the planned use of large reserves in relation to, for example, the capital programme, as well as a number of reserves that were created off the back of late grant receipts in 2021/22 and then used during 2022/23. School balances also reduced, in net terms, for the first time in the last few years, again largely because of utilising grant funding that was received late in the previous financial year.

The reserves as at 31st March 2023 reflected the following:

- General Fund Reserve balance of £6.5m. This is a prudent reserve held to mitigate against the risk of unforeseen circumstances. 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. It should be noted that this reserve represents less than 3% of the annual revenue budget, excluding schools, reinforcing the fact that it should only be used in a last resort situation.
- Adequate cover for the assessed risks identified by the Council – for example, known one-off risks such as legacy funding risks, self-insurance and investment risks.
- Good level of 'enabling' reserves to fund strategic/transformational programmes and fund other 'cost to change'/savings projects, and support 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 facilitate significant accounting adjustments to ensure there is no impact on the Council Tax payer during the year.

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 22.2% of pay for 2022/23 and the average employee contribution rate was 6.03% of pay.

The Statement of Accounts for 2022/23 shows a net unfunded liability of £96m, reflecting a significant decrease of £307m on the 2021/22 net liabilities. Whilst the assets attributable to the pension fund have actually seen a decrease in value, there has been a significant overall improvement over the last 12 months due changing actuarial assumptions (e.g. increased inflation, decreased discount rate, increased longevity/age presumptions).

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 using career average salaries as opposed to final salaries in defining the benefits received by members.

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

Head of Finance Narrative Report for the Statement of Accounts

Statement of Accounts 2022/23

Newport City Council

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 an assessment of risks potentially facing the Council, total short-term provisions increased by a net £1.2m to £7.7m, after £1m of historic provision was utilised. The increase, after allowing for the use of historic amounts, is due to the need to add to the accumulated absences provision, reflecting an increased level of untaken annual leave as at 31 March 2023. Long-term provisions have reduced by a net £432k, to £6.4m. This net movement entirely relates to the provision in respect of capping and upkeep of Council landfill sites, and follows an annual exercise to review potential long term liabilities in relation to this.

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 potential long term effect of the COVID-19 pandemic and cost of living crisis on likely recovery of debt, considering the impact both issues may have upon households' disposable income and ability to pay bills.

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.

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

4. Financial Outlook

The budget setting process for 2023/24 was a particularly challenging process, largely due to the issues experienced throughout 2022/23 in relation to inflation and demand for services. Because of this, a gross budget gap of nearly £50m was identified, requiring significant action and difficult decisions to be taken in order to produce a balanced budget. Helpfully, the final funding settlement from Welsh Government for 2023/24 confirmed that funding would increase by 8.9%, which was better than anticipated and previously indicated by Welsh Government. Such a settlement assisted in reducing the budget gap, however it was still necessary for a Council Tax increase of 8.5% to be implemented, alongside savings measures totalling £19.5m.

Examples of the demand and inflationary pressures that contributed towards the initial budget gap are outlined below:

- Pressures amounting to nearly £15m in relation to schools, in connection with increased staffing costs, rising energy prices and an overall increase in pupil numbers.
- Over £7m of pay-related pressures in relation to non-schools services.
- Over £3m of demand pressure within the homelessness service.
- Nearly £2m of demand pressures within Adult Services.
- Nearly £20m of non-pay related inflationary pressures, a large part of which was connected to energy prices and the cost pressures of third party providers being passed on to the Council.

Head of Finance Narrative Report for the Statement of Accounts

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Newport City Council

Despite the positive settlement from Welsh Government, and the fact that the Council was ultimately able to balance its budget, there remains a significant amount of uncertainty over the medium term. Demand for services continues to remain high and the inflationary challenges do not show signs of abating to any significant degree. In addition, there is the possibility that funding settlements could become more challenging over the next few years, which could require difficult decisions to be taken, even if inflation reduces to more manageable levels.

The current medium term financial plan reflects a projected budget gap of £26.9m. This is after assuming a Council Tax increase of 4%, in line with the base assumption, and a core funding settlement increase of 3%, in line with Welsh Government's most recent indication. Whilst this projected budget gap is considerably less than the initial budget gap in 2023/24, it will be especially challenging to deliver a balanced budget, when considering the level of savings already needing to be delivered in 2023/24 and the requirement to maintain service delivery in line with statutory requirements. In addition, the medium term financial plan will be updated throughout the course of 2023/24 and could result in further pressures being identified and an overall increase in the potential budget gap.

In relation to the 2023/24 financial year, specifically, there is a risk that an overall overspend could emerge, should unexpected pressures and demands arise. Whilst there are some contingency budgets in place, these are not at the level of the previous financial year, where temporary mitigation had been implemented to cover the uncertainty of emerging from the worst of the COVID-19 pandemic. Therefore, it will be necessary for the Council to exercise caution in managing its finances, to ensure that any new pressures, such as higher than anticipated pay awards, can be managed within the funding available.

In addition to the revenue budget, there are also challenges to be managed in relation to the capital programme. The environment of increasing interest rates, and general pressure on the revenue budget, has meant that the new five-year capital programme, which commences in 2023/24, includes no new borrowing capacity over and above that already approved and funded. Therefore, the Council is reliant upon other funding sources in order to be able to commit to any new schemes. The most likely source of this funding is external grants, although there is also a limited amount of Council capital headroom which could be accessed. Because of the limited level of available funding, careful prioritisation will be required to ensure that resources are carefully managed and only the highest priority schemes are pursued. Schemes already approved will also need to ensure they are delivered in line with agreed profiles, to ensure that any external borrowing required by the Council is only undertaken when absolutely needed.

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 22 – 116 Give a true and fair view of the financial position of Newport City Council and Newport City Group at 31 March 2023 and its income and expenditure for the year end 31 March 2023.

Signed	Signed
Head of Finance (Section 151 Officer)	Chair of Governance & Audit Committee

Annual Governance Statement

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Newport City Council

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

Statement of Accounts 2022/23

Newport City Council

The independent auditor's report of the Auditor General for Wales to the members of Newport City Council

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

Statement of Accounts 2022/23

Newport City Council

Comprehensive Income and Expenditure Statement

Statement of Accounts 2022/23

Newport City Council

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.

Restated	2021/22		Notes	2022/23		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
38,120	(8,480)	29,640		43,507	(9,062)	34,445
80,642	(32,304)	48,338	Childrens Services	85,716	(22,601)	63,115
28,476	(25,885)	2,592	Adult Services	32,075	(28,944)	3,131
32,628	(5,486)	27,142	Prevention & Inclusion	35,599	(4,981)	30,618
18,328	(13,145)	5,183	Corporate	22,459	(13,810)	8,650
30,325	(12,879)	17,446	Housing & Communities	30,398	(8,353)	22,045
29,753	(8,821)	20,932	Environment & Public Protection	34,505	(6,466)	28,040
			Infrastructure			
			Regeneration & Economic			
21,110	(11,406)	9,704	Development	18,189	(7,595)	10,594
28,669	(10,129)	18,539	Education	33,059	(12,687)	20,371
157,030	(35,443)	121,587	Schools	169,203	(30,928)	138,275
41,260	(42,559)	(1,298)	Other Non Department Costs	38,562	(38,255)	307
506,341	(206,536)	299,806	Cost of services	543,273	(183,682)	359,591
26,813	-	26,813	11 Other operating expenditure	28,672		28,672
20,762	(1,055)	19,707	12 Financing and investment income and expenditure	21,683	(1,652)	20,031
-	-	-	(Surplus) / deficit on discontinued operations	-		
-	(372,866)	(372,866)	13 Taxation and non-specific grant income		(393,340)	(393,340)
553,916	(580,457)	(26,540)	(Surplus) / Deficit on Provision of services	593,628	(578,674)	14,954
			(Surplus) / deficit on revaluation of Property Plant and Equipment assets			(20,613)
		(11,656)	Actuarial (gains) / losses on pensions assets / liabilities			(340,548)
		(107,175)	Other Comprehensive Income and Expenditure			(361,161)
		(118,831)	Total Comprehensive Income and Expenditure			(346,207)
		(145,371)				

Expenditure and Funding Analysis

Statement of Accounts 2022/23

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, 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 Finance, People, Policy and Transformation and Law and Standards.

2022/23	Net Expenditure Chargeable to the General Fund £'000	Adjustments between the funding and accounting basis £'000	Net expenditure in the CIES £'000
Childrens Services	30,482	3,964	34,445
Adult Services	57,896	5,219	63,115
Prevention & Inclusion	583	2,548	3,131
Corporate Services	24,715	5,903	30,618
Housing & Communities	6,591	2,059	8,650
Environment & Public Protection	15,134	6,911	22,045
Infrastructure	13,820	14,219	28,040
Regeneration & Economic Development	5,763	4,831	10,594
Education	15,866	4,505	20,371
Schools	122,267	16,008	138,275
Other Non Department Costs	18,004	(17,697)	307
Net Cost of Service	311,122	48,469	359,591
Other Income and Expenditure	(318,137)	(26,501)	(344,637)
(Surplus) or Deficit	(7,016)	21,968	14,954
Opening General Fund as at 31 March 2022	(6,500)		
(Surplus) / Deficit on the General Fund	-		
Transfer between Earmarked reserve and general funds	-		
Closing General Fund as at 31 March 2023	(6,500)		

2021/22 - RESTATED	Net Expenditure Chargeable to the General Fund £'000	Adjustments between the funding and accounting basis £'000	Net expenditure in the CIES £'000
Childrens Services	24,907	4,733	29,640
Adult Services	46,681	1,658	48,338
Prevention & Inclusion	541	2,051	2,592
Corporate Services	22,903	4,239	27,142
Housing & Communities	4,049	1,134	5,183
Environment & Public Protection	15,308	2,138	17,446
Infrastructure	11,734	9,198	20,932
Regeneration & Economic Development	5,345	4,358	9,704
Education	14,797	3,742	18,539
Schools	111,731	9,856	121,587
Other Non Department Costs	29,123	(30,422)	(1,298)
Net Cost of Service	287,119	12,687	299,806
Other Income and Expenditure	(293,698)	(32,648)	(326,346)
(Surplus) or Deficit	(6,579)	(19,961)	(26,540)
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)		

Movement in Reserves Statement

Statement of Accounts 2022/23

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 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	(26,540)	-	-	(26,540)	-	(26,540)
Other comprehensive Income and Expenditure	-	-	-	-	(118,831)	(118,831)
Total Comprehensive Income and Expenditure	(26,540)	-	-	(26,540)	(118,831)	(145,371)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(14,401)	-	(2,637)	(17,038)	17,097	59
Net Increase / Decrease before Transfers to Earmarked Reserves	(40,941)	-	(2,637)	(43,582)	(101,734)	(145,312)
Transfer to/ from Earmarked Reserves (Note 10)	40,945	(40,945)	-	-	-	-
(Increase) / Decrease in 2021/22	0	(40,945)	(2,637)	(43,582)	(101,734)	(145,312)
Balance at the 31 Mar 2022 carried forward	(6,500)	(135,962)	(9,390)	(151,852)	98,346	(53,503)
Balance at the 31 Mar 2022 carried forward	(6,500)	(135,962)	(9,390)	(151,852)	98,346	(53,506)
Movement in reserves during 2022/23						
(Surplus) / deficit on the provision of services	14,954	-	-	14,954	-	14,954
Other comprehensive Income and Expenditure	-	-	-	-	(361,161)	(361,161)
Total Comprehensive Income and Expenditure	14,954	-	-	14,954	(361,161)	(346,207)
Adjustments between accounting basis and funding basis under regulations (Note 9)	(1,530)	-	(440)	(1,970)	1,970	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	13,424	-	(440)	12,984	(359,191)	(346,207)
Transfer to/ from Earmarked Reserves (Note 10)	(13,424)	13,424	-	-	-	-
(Increase) / Decrease in 2022/23	-	13,424	(440)	12,984	(359,191)	(346,207)
Balance at the 31 Mar 2023 carried forward	(6,500)	(122,538)	(9,830)	(138,868)	(260,845)	(399,713)

Balance Sheet

Statement of Accounts 2022/23

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-22		Notes	31-Mar-23
£'000			£'000
Restated			
390,758	Property, Plant and Equipment	14	436,137
151,210	Property, Plant and Equipment - Infrastructure	14	147,456
17,362	Heritage Assets	16	19,451
12,530	Investment Property	17	12,411
447	Long Term Investments	18	10,859
27,216	Long Term Debtors	18	27,476
599,523	Long Term Assets		653,791
56,294	Short Term Investments	18	20,155
742	Assets Held for Sale	22	313
1,032	Inventories	19	319
74,385	Short Term Debtors	20	76,694
131	Deferred Tax Asset	18	131
5,756	Cash and Cash Equivalents	21	21,839
138,340	Current Assets		119,451
(5,049)	Short Term Borrowing	18	(5,012)
(70,064)	Short Term Creditors	23	(66,920)
(6,514)	Short Term Provisions	24	(7,745)
(2,257)	Other Short Term Liabilities	18	(2,257)
(83,884)	Current Liabilities		(81,934)
(15,636)	Long Term Creditors	18	(20,440)
(6,862)	Long Term Provisions	24	(6,431)
(136,058)	Long Term Borrowing	18	(132,149)
(403,203)	Pension Liability	26	(96,144)
(38,716)	Other Long Term Liabilities	18	(36,433)
(600,474)	Long Term Liabilities		(291,595)
53,505	Net Assets / Liabilities		399,712
(151,852)	Usable Reserves	25	(138,868)
98,346	Unusable Reserves	26	(260,845)
(53,505)	Total Reserves		(399,712)

Cash Flow Statement

Statement of Accounts 2022/23

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.

2021/22		Note	2022/23
£'000			£'000
(26,540)	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		14,954
(74,302)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(64,918)
40,975	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	27	18,180
<u>(59,867)</u>	Net cash flows from Operating Activities		<u>(31,784)</u>
50,008	Investing Activities	28	9,329
11,304	Financing Activities	29	6,372
<u>1,445</u>	Net (increase) or decrease in cash and cash equivalents		<u>(16,083)</u>
<u>7,201</u>	Cash and cash equivalents at the beginning of the reporting period	21	<u>5,756</u>
<u>5,756</u>	Cash and cash equivalents at the end of the reporting period	21	<u>21,839</u>

Notes to the Statement of Accounts

Statement of Accounts 2022/23

Newport City Council

1 ACCOUNTING POLICIES

The Statement of Accounts summarises the Council's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. 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 2022/23 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

Notes to the Statement of Accounts

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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

Notes to the Statement of Accounts

Statement of Accounts 2022/23

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:

Notes to the Statement of Accounts

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Newport City Council

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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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.

Agency Expenditure & Income

Welsh Government can periodically use Councils' administrative mechanisms to distribute resourcing to the electorate or particular business sectors as an alternative to making their own direct payment arrangements. Such measures are known as agency arrangements.

Welsh Government have adopted an accounting treatment that means Grants payable or paid are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. However, there can often be a lag in Councils receiving such resourcing that extends over the year end and the Council is not obligated to make any such payments to the electorate in advance of such receipts.

The Council will receive award letter correspondence about any prospective agency requests which should necessitate agreement through the signed acceptance to any terms and conditions and so has reasonable assurance that the grant involved will be received. So where any agency grant has not physically been paid before the year end but the Council has agreed to the terms and conditions, the Council will adopt a debtor and equivalent creditor presentation in the year of signed acceptance for the funding.

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.

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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 generally be updated every five years in line with other heritage asset considerations. 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. 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 Council's 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

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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.

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

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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.

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).

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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 non-current 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.

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);

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- 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 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.

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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.

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 charged	
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.

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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.

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 non-current 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.

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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;
- Lifecycle replacement costs – recognising elements of the assets require regular replacement and therefore charged to non-current 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

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- 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.

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)

Value Added Tax is excluded from both revenue and capital in terms of both income and expenditure except where the Council is not able to recover VAT on expenditure.

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 Newport City Council will adopt IFRS 16 in April 2024.

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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 non-current assets, through the creation of on use assets, would be increased by £7.6 million if it were applicable to 2022-23 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:

- 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 Council's non-current assets 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. The valuation process would also look to revalue any assets that the Council is aware where a material change has occurred.
- 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.

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4 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts was authorised for issue by the Head of Finance on 30th June 2023. 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.

The items in the Council's Balance Sheet at 31 March 2023 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 2023, 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. The Council has also made an additional provision for non-payment because of the Cost of Living crisis/UK economic situation, which will be reviewed on a yearly basis to see whether the increases felt on other goods and services (e.g. food, utilities, fuel etc) are still 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>

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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. Uncertainty about the actual useful life of an asset introduces potential volatility in depreciation charges over its life.</p>	<p>The importance of this is that if the useful life of assets is reduced, depreciation increases and the net carrying value of the assets falls. Such revisions are accounted for through the un-useable reserves section of the balance sheet to ultimately exhibit no impact upon taxpayer funded services.</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>Traditionally the Council undertakes a rolling 5 year valuation schedule to review and update the value of the assets held in the balance sheet. This process is managed by RICS qualified personnel through an agency contract. The valuations provided to the Council by its valuers this year recognises that there are factors continuing to affect economies and real estate markets globally.</p> <p>Given the length of time between valuations and the perceived impact of recent construction inflation changes upon replacement cost figures, this introduces an increased uncertainty as to gross book values reported. In order to mitigate this, a desk based exercise has been completed to revise property values affected by construction inflation annually until that asset receives its next formal RICS revaluation.</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 tend to fluctuate based on changes in estimated current value.</p>
<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>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>
<p>Pensions Liability</p>	<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 2022 valuation data to ensure that it is captured in the 31 March 2023 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 2023:	Approximate effect on liability (£000)	Approximate resultant % increase to Defined Benefit Obligation
0.1% decrease in Real Discount Rate	13,009	2%
1 year increase in member life expectancy	28,388	4%
0.1% increase in the Salary Increase Rate	1,499	0%
0.1% increase in the Pension Increase Rate (CPI)	11,704	2%
<i>Source: Actuarial Report for NCC 31st March 2023</i>		

In order to quantify the impact of a change in the financial assumptions used, the actuary has calculated and compared the value of the scheme obligations at the accounting date on varying bases to derive an average. The approach taken is consistent with that adopted to derive the accounting figures provided in their year end report, based on the profile (average member ages, retirement ages etc) of the Employer as at the date of the most recent valuation.

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 services.

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7 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	Other Adjustments	Total Adjustments
2022/23					
Adjustments from General Fund to arrive at CIES amounts	£'000	£'000	£'000	£'000	£'000
Childrens Services	836	2,927	140	61	3,964
Adult Services	1,375	2,843	111	890	5,219
Prevention & Inclusion	923	1,505	114	5	2,548
Corporate Services	1,407	3,062	243	1,191	5,903
Housing & Communities	1,295	865	91	(192)	2,059
Environment & Public Protection	3,043	2,265	94	1,509	6,911
Infrastructure	11,619	988	143	1,469	14,219
Regeneration & Economic Development	3,951	892	6	(18)	4,831
Education	1,736	792	1,288	689	4,505
Schools	6,783	7,259	-	1,966	16,008
Other Non Department Costs	(39)	(1,086)	-	(16,572)	(17,697)
Net Cost of Service	32,931	22,312	2,229	(9,002)	48,469
Other Income and Expenditure from Funding Analysis	(42,990)	11,178	-	5,311	(26,501)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	(10,060)	33,490	2,229	(3,691)	21,968

	Adjustments for Capital Purposes	Net change for Pension Adjustments	Accumulated Absences	Other Adjustments	Total Adjustments
2021/22 - RESTATED					
Adjustments from General Fund to arrive at CIES amounts	£'000	£'000	£'000	£'000	£'000
Childrens Services	1,111	3,296	(41)	368	4,733
Adult Services	(274)	3,443	(37)	(1,474)	1,658
Prevention & Inclusion	455	1,688	-	(92)	2,051
Corporate Services	1,531	3,329	(68)	(552)	4,239
Housing & Communities	162	940	-	33	1,134
Environment & Public Protection	996	2,989	-	(1,847)	2,138
Infrastructure	7,200	1,145	(9)	861	9,198
Regeneration & Economic Development	3,807	1,114	(44)	(518)	4,358
Education	1,822	879	326	716	3,742
Schools	8,546	7,936	-	(6,626)	9,856
Other Non Department Costs	24	(1,245)	-	(29,200)	(30,422)
Net Cost of Service	25,380	25,513	126	(38,332)	12,687
Other Income and Expenditure from Funding Analysis	(46,288)	9,749	-	3,891	(32,648)
Difference between General Fund surplus or deficit and CIES Surplus or Deficit	(20,909)	35,262	126	(34,441)	(19,961)

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
 - 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 £5,311k 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:

	2021/22	2022/23
	£'000	£'000
Expenditure		
Employee Benefits Expenses	234,329	252,065
Other Services Expenditure	247,462	261,809
Depreciation, Amortisation, Impairment	24,550	29,399
Interest Payments	20,762	21,683
Precepts and Levies	26,464	27,776
(Gain)/Loss on Disposal of assets	349	896
Total Expenditure	553,916	593,628
Income		
(Gain)/Loss on Disposal of assets	-	
Fees, Charges and other service income	(30,804)	(30,605)
Interest and investment income	(1,056)	(1,652)
Income from Council tax and non-domestic rates	(130,256)	(137,878)
Government grants and contributions	(418,341)	(408,539)
Total Income	(580,457)	(578,674)
(Surplus) or Deficit on the Provision of Services	(26,541)	14,953

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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.

2022/23	Usable Reserves		
	Council Fund Balance £'000	Capital Receipts Reserve £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:	33,658	-	(33,658)
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	18,916	-	(18,916)
Charges for depreciation and impairment of non-current assets	(33,252)	-	33,252
Revaluation losses on PPE & Assets Held for Sale	3,827	-	(3,827)
Movements in the fair value of Investment Properties & Assets held for sale	302	-	(302)
Capital grants and contributions applied	54,260	-	(54,260)
Revenue expenditure funded from capital under statute	(4,690)	-	4,690
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	(1,531)	-	1,531
Cardiff City Region Aggregated Un-useable Reserves (NCC share)			-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:	14,742	-	(14,742)
Statutory provision for the financing of capital investment	10,645	-	(10,645)
Capital expenditure charged against the General Fund	4,097	-	(4,097)
Adjustments primarily involving the Capital Receipts Reserve:	440	(440)	-
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure statement	440	(440)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-
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	-	-	-
Adjustment primarily involving the Financial Instruments Adjustment Account:	91	-	(91)
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	91	-	(91)
Adjustments primarily involving the Pensions Reserve:	(33,490)	-	33,490

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

(54,509) - 54,509

Employer's pensions contributions and direct payments to pensioners payable in the year

21,019 - (21,019)

Adjustment primarily involving the Accumulated Absences Account:

(2,229) - 2,229

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

(2,229) - 2,229

TOTAL ADJUSTMENTS

(1,530) (440) 1,970

2021/22 Comparative figures

	Usable Reserves		
	Council Fund Balance	Capital Receipts Reserve	Movement in Unusable Reserves
	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:	18,226	-	(18,226)
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Account	7,522	-	(7,522)
Charges for depreciation and impairment of non-current assets	(25,512)	-	25,512
Revaluation losses on Property Plant and Equipment	960	-	(960)
Movements in the market value of Investment Properties	(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)	(18)
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	-	-	-
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)
Adjustments primarily involving the Pensions Reserve:	(35,261)	-	35,261
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 42)	(54,056)	-	54,056
Employer's pensions contributions and direct payments to pensioners payable in the year	18,795	-	(18,795)
Adjustment primarily involving the Accumulated Absences Account:	(126)	-	126
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
TOTAL ADJUSTMENTS	(14,401)	(2,637)	17,038

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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 2022/23.

	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-23	
	Balance at 31-Mar-22	Transfers Out	Transfers In	Transfers Out		Transfers In
	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund	(6,500)					(6,500)
Balances held by schools for future use	(15,737)			2,445	(1,135)	(14,427)
Risk Reserves						
Music Service	(127)				(7)	(134)
Pay Reserve	(1,418)					(1,418)
Insurance Reserve	(1,162)				(593)	(1,755)
MMI Insurance Reserve	(602)					(602)
Education Achievement Service	(92)	92	(79)			(79)
Schools Redundancies	(1,098)				(487)	(1,585)
General Investment Risk Reserve	(2,567)			265	(374)	(2,676)
European Funding I2A & CFW	(1,398)			88	(330)	(1,640)
GEMS Redundancies	(78)					(78)
COVID Risk Reserve	(1,884)	910		404		(570)
Enabling Reserves						
Capital Expenditure	(9,927)		(7,895)	1,198	(24)	(16,648)
Displacement headroom	(10,279)			10,279		-
Capital Grants Unapplied	(3,210)				(1,948)	(5,158)
Transformation Reserve	(7,567)			176		(7,391)
Super Connected Cities	(170)			128		(42)
Landfill Reserve	(332)	343	(11)			-
School Works	(929)			471		(458)
School Reserve Other	(27)					(27)
Schools ICT Sustainability	(50)				(50)	(100)
Usable Capital Receipts	(9,390)				(440)	(9,830)
Infrastructure Manager Support	(11)	11				-
Smoothing Reserves						
Municipal Elections	(180)			180		-
Local Development Plan	(515)				(30)	(545)
Glan Usk PFI	(1,607)			93		(1,514)
Southern Distributor Road PFI	(39,940)			501		(39,439)
Building Control	(124)					(124)
Loan modification IFRS 9	(513)			255		(258)
Kingsway	(64)			64		-
Other Reserves						
Works of art	(21)					(21)
Theatre & Arts Centre	(232)					(232)
Environmental Health - Improve Air Quality	(49)					(49)
Apprenticeship Scheme Reserve	(7)	7				-
City Economic Development Reserve	(90)		(280)			(370)
Welsh Language Standards	(127)			27		(100)
Port Health	(20)					(20)
Financial System Upgrade	(600)			163		(437)

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	Movements between Reserves		Via Comprehensive I&E Account		Balance at 31-Mar-23
	Balance at 31-Mar-22	Transfers Out	Transfers In	Transfers Out	
	£'000	£'000	£'000	£'000	£'000
SS COVID Recovery Reserve	(563)			563	-
Events	(275)				(7)
MTFP Reserve	(9,401)		(343)	1,927	(7,817)
Voluntary Sector Grants	(27)				(27)
Feasibility Reserve	(54)			28	(108)
IT Development	(53)				(53)
Chartist Tower	(256)			256	-
Joint Committee City Deal Reserve	(662)				(662)
Civil Parking Enforcement	(193)			182	(11)
Community COVID Recovery Fund	(500)			500	-
Clean & Green	(19)			19	-
Green Recovery Task Force	(1,000)	957		43	-
Business Development Grants	(250)				(250)
Business Support	(81)				(81)
Community Occupational Therapy	(53)	3		50	-
Directly Managed Community Centres Maintenance	(50)	50			-
IT Infrastructure	(647)	213		125	(309)
PSB Contribution	(40)			35	(5)
COVID Reserve	(426)			75	(351)
Homelessness Prevention	(327)			327	-
Chief Education Grant	(568)		(1,878)	238	(2,208)
Home to School Transport	(499)			185	(314)
Housing Supply review	(25)			9	(16)
Anniversary tree planting / green canopy	(3)	3			-
Cariad Casnewydd	(170)			4	(166)
Soft Loan interest equalisation reserve	(1,648)			123	(59)
Community Gardening Schemes	(180)				(180)
Market Arcade Owner contributions	(51)				(51)
Strategic Development Plan	(110)				(55)
Parks & Open Spaces	(2,500)			410	(2,090)
Discretionary Rate Relief	(900)				(900)
Domiciliary Care Service Capacity	(500)	302		164	(34)
Social Services PPE Reserve	(212)			212	-
Prior year Underspend	(7,895)	7,895			(5,066)
Communications Corporate Requirement	(232)				(232)
Decarbonisation Projects	(90)			90	-
St Andrew's Primary	(305)			153	(152)
Residential Care Home Equalisation Reserve	(940)			319	(621)
Cost of Living Support Scheme Reserve	(1,503)			1,503	-
Growing Space	-		(100)		(100)
Spring Gardens	-		(200)		(200)
Partnership funding from ABUHB	-				(57)
Future Levelling Up Bids	-				(38)
Cost of Living Support	-				(485)
Total	(151,852)	10,786	(10,786)	24,277	(11,293)
				(11,293)	(138,868)

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Material reserves to note are:

- **Council fund** – Councils are required prudently to put a proportion of resourcing aside to assist with dealing with unexpected events and emergencies;
- **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.
- **Transformation reserve** - established to enable funding of specific projects which demonstrate savings to the revenue budget within pay-back period of 3 years.
- **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.
- **Medium Term Financial Plan (MTFP) reserve** – created to earmark resourcing for the support, facilitation and achievement of the Council's Medium Term Financial Plan.
- **Prior year underspend** - commonly any prior years underspend is attributed by members to further facilitate corporate/political priorities.

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11 OTHER OPERATING EXPENDITURE

31-Mar-22		31-Mar-23
£'000		£'000
	Precepts and levies:	
437	Community Councils	467
7,855	South Wales Fire Authority	8,068
755	Natural Resources Wales	755
17,417	Police and Crime Commissioner for Gwent	18,486
	Gains and Losses:	
66	(Gains) and Losses on assets held for sale	(190)
283	Loss / (Profit) on the disposal of non-current assets	1,086
26,813	Total	28,672

12 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

31-Mar-22		31-Mar-23
£'000		£'000
11,013	Interest Payable and similar charges	10,505
9,749	Pensions interest cost and expected return on pensions assets	11,178
(564)	Interest receivable and similar income	(1,374)
(491)	Income and expenditure in relation to investment properties and changes in their fair value	(278)
19,707	Total	20,031

13 TAXATION AND NON SPECIFIC GRANT INCOME

31-Mar-22		31-Mar-23
£'000		£'000
(80,785)	Council tax income	(83,924)
(49,472)	Non domestic rates	(53,954)
(195,120)	Non-ring fenced government grants	(211,663)
(47,489)	Capital grants and contributions	(43,799)
(372,866)	Total	(393,340)

National Non-Domestic Rates (NNDR)

The total rateable value for non-domestic rates was £144,015,360 at 31 March 2023 (£142,849,300 at 31 March 2022). The rate poundage for occupied properties was 53.5p per £ of rateable value (53.5p in 2021/22) with empty properties being charged at 53.5p (53.5p in 2021/22).

In 2022/23 Newport received £53.9m from the Welsh NNDR pool in support of its services (£49.4m – 2021/22).

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Local Taxation

	31-Mar-22	31-Mar-23
	£'000	£'000
INCOME		
Council Taxes (net of Council Tax benefits)	(81,907)	(85,054)
Council Tax benefits	(12,346)	(12,440)
Total income	(94,253)	(97,494)
EXPENDITURE		
Precepts payable		
- Gwent Police Authority	17,417	18,486
- Community Councils	437	467
Newport Council Fund requirement	75,134	77,400
Council tax written off and provided for	1,122	1,130
Total expenditure	94,110	97,483
Net surplus for the year	(143)	(11)

Council Tax Requirement

	Dwellings	31-Mar-22 Tax Base	Dwellings	31-Mar-23 Tax Base
Total number of properties on valuation list	69,619	69,619	69,949	69,949
Adjusted as follows				
Less exempt properties @ 100%	1,824	(1,824)	1,855	(1,855)
Less single discounts @ 25%	25,124	(6,281)	25,228	(6,307)
Less multiple discounts @ 50%	80	(40)	78	(39)
Band D conversion		(7)		(55)
Losses on collection		(983)		(981)
Tax Base		60,484		60,712
		£		£
Council tax requirement		92,986,892		96,352,889
Less payable to Gwent Police		(17,416,973)		(18,485,844)
Less payable to Community Councils		(436,694)		(466,661)
Net requirement Newport City Council		75,133,225		77,400,384
Band D tax for the year		1,249		1,280

This basic amount of £1,279.68 for a band D property (£1,249.42 in 2021/2022) 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	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	361,184	35,250	252	6,423	26,161	429,270	69,579
Additions	11,275	2,475	250	1	33,240	47,241	5
Donations	-	-	-	-	-	-	-
Re-classifications	(3,865)	-	54	5,200	(233)	1,156	-
Revaluations	28,545	-	8	(7,202)	-	21,351	561
Impairments	(9,988)	(37)	(250)	(1)	-	(10,276)	(5)
Disposals	(213)	(8,313)	-	-	-	(8,526)	-
At 31 March 2023	386,938	29,375	314	4,421	59,168	480,216	70,140
Accumulated Depreciation							
At 1 April 2022	(16,815)	(21,684)	-	-	(14)	(38,513)	(24,511)
Depreciation Charge in Year	(13,595)	(3,340)	-	-	-	(16,935)	(1,785)
Re-classifications	2,762	-	-	-	(471)	2,291	-
Revaluation Impact	722	-	-	-	14	736	-
Disposals	29	8,313	-	-	-	8,342	-
At 31 March 2023	(26,897)	(16,711)	-	-	(471)	(44,079)	(26,296)
Net Book Value							
At 1 April 2022	344,369	13,566	252	6,423	26,147	390,757	45,068
At 31 March 2023	360,041	12,664	314	4,421	58,697	436,137	43,844

Restated	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2021	350,566	43,629	179	2,636	4,826	401,836	67,720
Additions	5,714	4,883	222	-	24,530	35,349	1,504
Donations	-	-	-	-	-	-	-
Re-classifications	993	-	9	1,851	(3,195)	(342)	-
Revaluations	7,821	-	-	1,936	-	9,757	355
Impairments	(3,590)	(54)	(158)	-	-	(3,802)	-
Disposals	(320)	(13,208)	-	-	-	(13,528)	-
At 31 March 2022	361,184	35,250	252	6,423	26,161	429,270	69,579
Accumulated Depreciation							
At 1 April 2021	(8,346)	(31,760)	-	-	-	(40,106)	(22,802)
Depreciation Charge in Year	(12,777)	(3,120)	-	-	-	(15,897)	(1,709)
Re-classifications	418	-	-	-	(14)	404	-
Revaluation Impact	3,817	-	-	-	-	3,817	-
Disposals	73	13,196	-	-	-	13,269	-
At 31 March 2022	(16,815)	(21,684)	-	-	(14)	(38,513)	(24,511)
Net Book Value							
At 1 April 2021	342,220	11,869	179	2,636	4,826	361,730	44,918
At 31 March 2022	344,369	13,566	252	6,423	26,147	390,757	45,068

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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.

Infrastructure Assets

	31-Mar-22	31-Mar-23
Net Book Value at 1 April	147,597	151,210
Additions	10,004	5,341
Disposals	(87)	(2,296)
Depreciation	(7,115)	(5,896)
Impairment	(104)	(728)
Other movements in Cost	915	(175)
Net Book Value at 31 March	151,210	147,456

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Capital Commitments

The Council continued its programme of capital investment in 2022/23 to improve the infrastructure and facilities in Newport. Of this programme, the Council is contractually committed to carry out works as follows:

	31-Mar-22	31-Mar-23
	£'000	£'000
Adults & Community Services	-	-
Children & Young Peoples Services	-	381
Corporate	-	-
Education	29,037	17,496
Infrastructure	556	245
Regeneration & Economic Development	379	302
Environment & Public Protection	-	419
Prevention & Inclusion	-	5
Total	29,973	18,847

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.

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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	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	28	27,909			59,089	87,026
Valued at current value as at:						
31 March 2023	15,887	-	-	4,422	-	20,309
31 March 2022	17,625	-	-	-	-	17,625
31 March 2021	294,401	1,054	-	-	-	295,455
31 March 2020	1,105	-	-	-	-	1,105
31 March 2019	57,895	-	314	-	-	58,209
Total Cost or Valuation	386,941	28,963	314	4,422	59,089	479,729

Fair Value Measurement of Surplus Assets

Details of the Council's surplus assets and information about the fair value hierarchy as at 31 March 2023 are as follows:

Recurring fair value measurements using:	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2023
	£'000	£'000	£'000
Residential properties	-	3,807	3,807
Commercial units/Land	-	615	615
Total	-	4,422	4,422

Comparative figures as at 31 March 2022 were:

Recurring fair value measurements using:	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

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 2022/23, there has been no change in the valuation techniques used during the year for surplus assets.

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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.

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 2022/23 the Council has recognised the following impairment losses:

	31-Mar-22	31-Mar-23
	£'000	£'000
Land & Buildings	3,590	9,988
Community Assets	158	250
Infrastructure Assets	104	728
Vehicles Plant & Equipment	54	37
Surplus Assets	-	1
Total	3,906	11,003

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 2022	12,914	1,280	3,057	111	17,362
Revaluations / Additions	886	1,200	-	3	2,089
At 31 March 2023	13,800	2,480	3,057	114	19,451
Depreciation charge in year	-	-	-	-	-
At 31 March 2023	-	-	-	-	-
Net Book Value					
At 1 April 2022	12,914	1,280	3,057	111	17,362
At 31 March 2023	13,800	2,480	3,057	114	19,451

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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 2021	12,914	1,280	3,057	103	17,354
Revaluations	-	-	-	8	8
At 31 March 2022	12,914	1,280	3,057	111	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	12,914	1,280	3,057	111	17,362

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

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- 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 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

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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-22	31-Mar-23
	£'000	£'000
Balance at start of the year	12,945	12,530
Additions	1	-
Disposals	(5)	-
Net gains/ (losses) from fair value adjustments	(411)	131
Transfers:		
- to / from Assets Under Construction	-	(250)
Balance at end of the year	<u>12,530</u>	<u>12,411</u>

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-22	31-Mar-23
	£'000	£'000
Rental income from investment property	(1,370)	(974)
Direct operating expenses arising from investment property	<u>1,302</u>	<u>(58)</u>
Net (gain) / loss	<u>(68)</u>	<u>(1,032)</u>

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 2023 are as follows:

	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2023
	£'000	£'000	£'000
<i>Recurring fair value measurements using:</i>			
Office units	661	42	703
Commercial units	1,411	7,455	8,866
CCRCD Investment Properties		<u>2,842</u>	<u>2,842</u>
Total	<u>2,072</u>	<u>10,339</u>	<u>12,411</u>

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Comparative figures as at 31 March 2022 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 2022
	£'000	£'000	£'000
Office units	601	39	640
Commercial units	1,413	7,635	9,048
CCRCD Investment Properties	-	2,842	2,842
Total	2,015	10,516	12,530

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-23 £'000	Valuation technique used to measure fair value	Unobservable inputs and Sensitivity
Office Units	42	Hardcore and Topsislice*	Rental growth, Collection of rent, Discount rate, Basis of occupation
Commercial Units	7,455	Term and Reversion, Hardcore and Topsislice	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 Topsislice 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 Topsislice 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 to determine the 'Topsislice'. This is then also capitalised in perpetuity at the same yield as the Hardcore and then

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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.

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising: 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
 - bonds issued by multilateral development banks and large companies,
 - Transferred debt from a number of local authorities as a result of local government reorganisation
 - trade receivables for goods and services provided.
- Fair value through profit and loss 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-22	31-Mar-23	31-Mar-22	31-Mar-23
	£'000	£'000	£'000	£'000
Financial assets at amortised cost:				
- Investments	-	10,412	56,294	20,155
- Debtors:				
- Financial assets held at contract amount	-	-	11,825	16,537
- Tredegar house lease premium	8,849	8,610	241	241
- Finance Leases	5,825	5,825	-	-
- Other long-term debtors	12,542	13,041	-	-
- Cash & Cash Equivalents	-	-	5,756	21,839
Amortised Cost Total	27,216	37,888	74,116	58,772
Financial assets at Fair Value through other comprehensive income - designated equity instrument	447	447	-	-
Total Financial Assets	27,663	38,335	74,116	58,772

Financial Liabilities

	Non-Current		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost:				
- Borrowing	136,058	132,149	5,049	5,012
- Creditors*	15,636	20,440	42,081	38,479
- PFI & Lease liabilities	38,716	36,433	2,257	2,257
Total Financial Liabilities	190,411	189,022	49,387	45,748

*Current debtors excludes £60.2m of non-contractual current debtors that do not meet the definition of financial assets at amortised cost.

Current creditors excludes £28.4m of non-contractual current creditors that do not meet the definition of financial liabilities at amortised cost.

Deferred Tax Asset (CCRCO)	31-Mar-22	31-Mar-23
	£'000	£'000
Deferred Tax Asset	131	131
Total Deferred Tax Asset	131	131

c) Financial Instruments – Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

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Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, 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 authority loans.
- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- 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 on 31st March.
- The fair values of financial guarantees have been estimated based on the likelihood of the guarantees being called and the likely payments to be made.
- 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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	Fair Value Level	Balance Sheet 31-Mar-22 £'000	Fair Value 31-Mar-22 £'000	Balance Sheet 31-Mar-23 £'000	Fair Value 31-Mar-23 £'000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	97,064	109,542	93,090	85,915
Long-term LOBO loans	2	30,000	44,520	30,000	34,846
Other long-term loans	2	5,000	6,644	5,000	4,087
Long term interest free loans	2	8,432	8,310	8,336	7,709
Lease payables and PFI liabilities	3	38,716	60,852	36,433	48,635
Total		179,212	229,868	172,859	181,192
Liabilities for which fair value is not disclosed*		60,585		61,912	
Total Financial Liabilities		239,797		234,771	
Recorded on balance sheet as:					
Short-term creditors		42,081		38,479	
Long-term creditors		15,636		20,440	
Short-term borrowing		5,049		5,012	
Long-term borrowing		136,058		132,150	
Other short-term liabilities		2,257		2,257	
Other long-term liabilities		38,716		36,433	
Total Financial Liabilities		239,798		234,771	

* 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-22 £'000	31-Mar-23 £'000
Stocks		
Building Services	269	242
Leisure & Catering	3	7
Museum Shop	-	-
Printing/Stationery	7	9
Social enterprise (Monwel Hankinson)	14	14
Social Services	739	47
	1,032	319

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20 SHORT TERM DEBTORS

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

	31-Mar-22			31-Mar-23		
	Gross	Provision	Net	Gross	Provision	Net
	£'000	£'000	£'000	£'000	£'000	£'000
General	18,226	(6,401)	11,825	21,423	(4,880)	16,543
Council tax payers	9,877	(6,365)	3,512	10,795	(7,156)	3,639
NHS bodies	2,444	-	2,444	4,380	-	4,380
Central government bodies*	53,407	-	53,407	47,873	-	47,873
Other local authorities	3,197	-	3,197	4,259	-	4,259
	87,151	(12,766)	74,385	88,730	(12,036)	76,694

* 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 2023 was £130k in credit, (31 March 2022 – £153k in credit).

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

	31-Mar-22	31-Mar-23
	£'000	£'000
Cash held by the authority	9,760	25,164
Bank Current accounts	(4,004)	(3,325)
Total Cash and Cash Equivalents	5,756	21,839

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22 ASSETS HELD FOR SALE

	31-Mar-22	31-Mar-23
	£'000	£'000
Assets at the start of the year	3,045	741
New Appropriations	90	9
Assets newly classified as held for sale:	350	-
Surplus Assets	-	-
Investment Properties	-	-
Property, Plant and Equipment	-	-
Revaluation losses	(66)	-
Revaluation gains	-	190
Assets declassified as held for sale:	(9)	-
to Property, Plant and Equipment	-	(367)
Community Land	-	-
to Surplus Assets	-	-
Assets sold	(2,669)	(260)
Assets at year-end	<u>741</u>	<u>313</u>

23 SHORT TERM CREDITORS

The following is an analysis of the short term creditors shown in the Balance Sheet:

	31-Mar-22	31-Mar-23
	£'000	£'000
General	(42,081)	(38,478)
Central government bodies	(13,940)	(13,282)
Prepayments of council tax	(1,449)	(1,604)
NHS bodies	(583)	(395)
Other local authorities	(12,011)	(13,161)
	<u>(70,064)</u>	<u>(66,920)</u>

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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-22 £'000	Unused amounts reversed £'000	Amounts used £'000	Further provisions £'000	31-Mar-23 £'000
Current Provisions					
Accumulated absence provision	(2,958)	2,958	-	(5,187)	(5,187)
Insurance / MMI Provision	(2,304)	-	1,009	(11)	(1,306)
Energy Provision	(30)	-	-	-	(30)
Health & Safety Fine	(1,100)	-	-	-	(1,100)
Overpaid Court Fees reimbursement	(122)	-	-	-	(122)
	(6,514)	2,958	1,009	(5,198)	(7,745)
Long Term Provisions					
Landfill Capping	(6,620)	-	535	(104)	(6,189)
Cardiff City Region	(242)	-	-	-	(242)
	(6,862)	-	535	(104)	(6,431)

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.
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.
Health & Safety Fine	Potential fine in the event of a prosecution by HSE for breaches of the Health & Safety at Work Act.
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
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.
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.

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25 USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

26 UNUSABLE RESERVES

	31-Mar-22	31-Mar-23
	£'000	£'000
Revaluation Reserve	(208,222)	(221,569)
Capital Adjustment Account	(95,993)	(136,918)
Financial Instruments Adjustment Account	1,045	954
Deferred Capital Receipt Reserve	(21)	(21)
Financial Instruments Revaluation Reserve	(251)	(251)
Pensions Reserve	403,201	96,143
Accumulated Absence Account	2,958	5,187
Cardiff City Region Aggregated Unuseable Reserves (NCC share)	(4,371)	(4,371)
	98,347	(260,845)

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.

	31-Mar-22	31-Mar-23
	£'000	£'000
Balance at 1 April	(197,843)	(208,222)
Upward revaluation of assets	(14,794)	(26,937)
Downward revaluation of assets and impairment losses not charged to provision of services	3,138	6,324
Surplus or deficit on revaluation of non-current assets not charged to provision of services	(11,656)	(20,613)
Difference between fair value depreciation and historic cost depreciation	-	6,959
Accumulated gains on assets sold or scrapped	1,277	307
Amount written off to the Capital Adjustment Account	1,277	7,266
	(208,222)	(221,569)

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

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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.

	31-Mar-22 £'000	31-Mar-23 £'000
Balance at 1 April	(76,876)	(95,988)
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	25,513	33,252
Revaluation losses/gains on Property, Plant and Equipment	(960)	(3,827)
Amortisation of intangible assets	-	
Revenue Expenditure Funded from Capital under Statute	4,169	4,690
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	2,922	1,531
	31,644	35,646
Adjusting amounts written out of the Revaluation Reserve	(1,277)	(7,267)
Net written out amount of the cost of non-current assets consumed in the year	30,367	28,379
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	(18)	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing - Non REFCUS	(39,235)	(54,260)
Statutory provision for the financing of capital investment charged against the Council Fund balances	(10,008)	(10,645)
Capital expenditure charged against the Council Fund balance	(696)	(4,097)
	(49,957)	(69,002)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	412	(113)
Movements in the market value of Assets Held for Sale debited or credited to the Comprehensive Income and Expenditure Statement	66	(189)
Movement of Cardiff City Region entries to explicit reserve	-	-
Balance at 31 March	(95,988)	(136,913)

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.

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	31-Mar-22	31-Mar-23
	£'000	£'000
Balance at 1 April	1,150	1,045
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	-
Proportion of premiums incurred in previous financial years to be charged against the Council Fund Balance in accordance with statutory requirements	(105)	(91)
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)	(91)
Balance at 31 March	1,045	954

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-22	31-Mar-23
	£'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 2022-23.

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.

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	31-Mar-22 £'000	31-Mar-23 £'000
Balance at 1 April	475,114	403,201
Actuarial gains or losses on pensions assets and liabilities	(107,175)	(340,548)
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	54,057	54,509
Employer's pensions contributions and direct payments to pensioners payable in the year	(18,795)	(21,019)
Balance at 31 March	403,201	96,143

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.

	31-Mar-22 £'000	31-Mar-23 £'000
Balance at 1 April	2,832	2,958
Settlement or cancellation of accrual made at the end of the preceding year	(2,832)	(2,958)
Amounts accrued at the end of the current year	2,958	5,187
Movement of Cardiff City Region entries to explicit reserve	-	-
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	2,229
Balance at 31 March	2,958	5,187

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.

	31-Mar-22 £'000	31-Mar-23 £'000
Balance at 1 April	(4,022)	(4,371)
Capital adjustment account	(331)	
Accumulated absences	2	
Accumulated interest	(20)	
Balance at 31 March	(4,371)	(4,371)

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27 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	31-Mar-22	31-Mar-23
	£'000	£'000
Interest received	(21)	(1,101)
Interest paid	11,050	11,149
	11,029	10,048

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	31-Mar-22	31-Mar-23
	£'000	£'000
Depreciation	(22,681)	(22,831)
Impairment and downward valuations	(1,872)	(6,594)
(Increase) / Decrease in creditors	(20,803)	484
Increase / (Decrease) in debtors	9,363	(126)
Increase / (Decrease) in stock	737	(713)
Pensions liability	(35,262)	(33,490)
Carrying amount of non-current assets sold	(2,922)	(1,531)
Other non cash adjustments	(862)	(117)
	(74,302)	(64,918)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	31-Mar-22	31-Mar-23
	£'000	£'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	(36,139)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,655	440
Any other items for which the cash effects are investing or financing cash flows	38,320	53,879
Net cash flows from operating activities	40,975	18,180

28 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	31-Mar-22	31-Mar-23
	£'000	£'000
Purchase of property, plant and equipment, investment property and intangible assets	41,710	50,542
Purchase of short-term and long-term investments	41,000	10,412
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,655)	(440)
Other receipts from investing activities	(30,047)	(51,185)
Net cash flows from investing activities	50,008	9,329

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29 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	31-Mar-22	31-Mar-23
	£'000	£'000
Cash receipts of short- and long-term borrowing	(190)	(4,605)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,038	2,426
Repayments of short- and long-term borrowing	10,456	8,551
Net cash flows from financing activities	11,304	6,372

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 51 Members. The total allowances and expenses paid in the financial year was £1,099,022 (2021/22 – £964,064). All Members are entitled to the same basic allowance of £16,800 per annum (2021/22 - £14,368). Each Member holding the following positions are also paid additional responsibility allowances as detailed below:

	31-Mar-22	31-Mar-23
	£	£
Leader of the Council	35,606	39,900
Deputy Leader	20,952	22,890
Mayor	8,793	8,793
Deputy Mayor	3,740	3,740
Cabinet Member (x7)	16,405	17,220
Chair of Scrutiny Forum (x4)	8,793	8,793
Chair of Planning (x1)	8,793	8,793
Chair of Democratic Services (x1)	8,793	8,793
Chair of the Council (x1)	8,793	8,793
Opposition Leader	8,793	8,793

During the 2022/23 financial year, a total of 9 Lay (unelected) Members served for the Authority. 9 of these Lay Members claimed a total of £8,802.21 including both fees and expenses (2021/22: £5,628 claimed by eight 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:

2022 / 23 Post Holder Information	Salary/ Payment* £	Car Allowances & Mileage £	Termination Benefits £	Pensions contributions £	Total £
Chief Executive	137,815	-	-	30,595	168,410
Strategic Director - Environment & Sustainability ****	110,523	-	-	24,536	135,059
Strategic Director - Social Services	110,523	-	-	24,536	135,059
Strategic Director - Transformation & Corporate Centre	110,523	-	-	24,536	135,059
Head of Education	88,202	-	-	19,581	107,783
Head of Law & Standards ***** (Post holder left the authority December 2022)	65,564	-	-	13,264	78,828
Head of Law & Standards ***** (Post holder appointed in December 2022)	24,600	-	-	5,484	30,084
Head of Finance (Section 151 Officer)	88,202	-	-	19,581	107,783
Head of People, Policy & Transformation	83,277	-	-	18,487	101,764
Head of Regeneration & Economic Development	85,347	-	-	18,947	104,295
Head of Housing & Communities	40,582	-	-	9,009	49,592
Head of Environment & Public Protection	83,277	-	-	18,487	101,764
Head of Adult Services	83,886	-	-	18,623	102,509
Head of Children Services	83,277	-	-	18,487	101,764
Head of Prevention & Inclusion	83,239	-	-	18,479	101,718
Head of City Services - ***** (Appointment made in May 2022)	73,445	-	-	16,305	89,750
TOTAL	1,352,281	-	-	298,938	1,651,219

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	Salary / Payment*	Car Allowances & Mileage	Termination benefits	Pensions contributions	Total
	£	£	£	£	£
2021 / 22 Post Holder Information					
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)	21,450	-	-	4,547	25,998
Head of People, Policy & Transformation, appointed to Strategic Director - Transformation & Corporate Centre (11th Oct 2021)	24,007	-	-	5,090	29,097
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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Note* There were no employees whose salary, excluding pension contributions, exceeded £150,000 per annum.

Note** Social Care staff were provided with an additional payment by Welsh Government during 2021-22. No such payment was given during the 22/23 financial year. For clarity and consistency, these amounts have been excluded from the calculation to complete the above table.

In addition to the above the Chief Executive acts as the Returning Officer. During 2022/23 the Chief Executive received £10,073.16 for their role as the Authorities Returning Officer. (In 2021/22, the position received £9,529.48).

The ratio between the Council's highest paid employee and the median position for 2022/23 was 1:5.2 (2021/22 was 1:5.5). The median position for the Council for 2022/23 is £26,357 (2021/22 was £24,920). 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.

	31-Mar-22		31-Mar-23	
	Schools	Non-Schools	Schools	Non-Schools
£155,000 - £159,999	-	-	1	-
£115,000 - £119,999	-	-	2	-
£110,000 - £114,999	1	-	1	-
£105,000 - £109,999	2	-	1	-
£100,000 - £104,999	2	-	3	-
£95,000 - £99,999	2	-	1	-
£90,000 - £94,999	1	-	2	-
£85,000 - £89,999	3	-	7	-
£80,000 - £84,999	9	-	7	-
£75,000 - £79,999	12	1	12	-
£70,000 - £74,999	13	1	13	-
£65,000 - £69,999	17	2	13	4
£60,000 - £64,999	18	6	34	10
Total	80	10	97	14

Note: Social Care staff were 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:

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The table below shows the cost of redundancies that took place during the 2022/23 financial year.

Number / cost of Exit packages:

	Number of compulsory redundancies 31-Mar-23	Number of other departures agreed 31-Mar-23	Total number of exit packages 31-Mar-23	Total Cost of exit packages in each band 31-Mar-23 £
£0 - £20,000	-	49	49	257,452
£20,001 - £40,000	-	1	1	36,000
£40,001 - £60,000	-	-	-	-
£60,001 - £80,000	-	1	1	60,542
£80,001 - £100,000	-	-	-	-
£100,001 - £120,000	-	1	1	109,116
Total	-	52	52	463,110

	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

32 TERMINATION BENEFITS

The Council completed redundancies of 52 employees in 2022/23, incurring liabilities of £463k (80 employees at £1.1m in 2021/22). 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-22 £'000	31-Mar-23 £'000
Fees payable with regard to external audit of accounts	198	229
Fees payable in respect of local government measure	106	112
Fees payable for the certification of grant claims and returns for the year	56	60
Fees payable for other financial audit work	1	1
Total	361	402

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34 GRANTS INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2022/23:

	Restated	
	31-Mar-22	31-Mar-23
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	194,380	211,663
Other Non-ring fenced government grants	740	
Contribution from Non-Domestic Rate	49,472	53,954
Total	244,592	265,617
	31-Mar-22	31-Mar-23
	£'000	£'000
Credited to Services		
Education		
Grants		
Pupil Deprivation Grant	5,687	6,584
Education Improvement Grant	6,498	5,956
Post 16 Grant	8,154	8,398
Local Authority Education Grant	9,672	9,816
School 2 School Grant	-	2,743
Maintenance Grant	2,446	-
COVID19 Related Grants	5,250	1,893
Children and Communities	133	149
Ukraine Response Fund	-	246
Other	4,943	3,143
Contributions		
Gwent Music	327	214
Donations	200	426
Social Services		
Grants		
Children and Communities	8,618	9,888
Childcare Offer	8,320	9,038
Substance Misuse	5,225	6,337
COVID19 Related Grants	9,250	591
Sustainability Pressures	4,538	2,294
Section 28A funding	2,095	2,094
Unaccompanied Asylum-Seeking Children	1,373	1,725
Eliminating Profit	-	1,147
Radical Reform Grant	-	1,138
Regional, Domestic Violence	804	835
Youth Support	737	600
Promoting Independence	-	465
Workforce Development	389	415
Youth Justice Board	338	371
All Wales Play Opportunities	257	335
Community Safety Fund	98	288
Ukraine Response Fund	-	3
Inspire to Achieve	-	45
Other	1,801	1,151
Contributions		
Intermediate Care Fund	2,802	2,806
Substance Misuse	1,784	1,899

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Home First	1,799	1,768
Frailty	1,605	1,853
Children and Communities	-	83
Other	3,223	2,020
Donations	-	1
Regeneration & Economic Development		
Grants		
COVID19 Related Grants	2,955	-
Communities for Work	1,357	1,462
Inspire to Achieve	1,493	779
Inspire to Work	493	286
Other	1,665	2,174
Contributions	2,062	1,057
Donations	-	1
Environment & Sustainability		
Grants		
Housing Support	8,003	8,373
Concessionary fares	2,614	1,872
Homelessness Prevention Grant	-	1,471
COVID19 Related Grants	4,824	797
Sustainable Waste	995	716
Children and Communities	459	443
Adult Community Learning	361	369
Community Cohesion Grant	-	221
Ukraine Response Fund	-	99
Other	4,073	3,437
Contributions	3,309	1,342
Donations	1	3
Transformation & Corporate Services		
Grants		
Housing benefit administration	666	698
COVID19 Related Grants	508	-
NNDR	317	317
Ukraine Response Fund	-	4
Other	386	692
Contributions	630	485
Donations	-	-
Non Revenue		
Grants		
Mandatory rent allowances	38,287	38,181
COVID19 Related Grants	2,149	-
Other	2,040	74
	178,013	154,111

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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 creditor of (£176k) at 31 March 2023 (£1.532m at 31 March 2022) is included in the balance sheet which represents the amount by which the cash paid over to Welsh Government less than the amount collected from ratepayers.

Covid 19 Hardship Support Grants

The Council received a Covid hardship grant payment from Welsh Government totalling £12.65million, the majority of which is reported within note 34. However, there are 2 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 2 aspects, and grant is paid in arrears based on claim expenditure. As at 31st March 23 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.

2022-23

Grant scheme	Narrative	Amount Received in 2022/23 £'000	Amount Spent in 2022/23 £'000	Debtor 2022/23 £'000	Creditor 2022/23 £'000
Social Care					
Real Living Wage		-	4,460	4,458	1
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.	(228)	77	(151)	-
Self isolation payments	£500 for eligible individuals who have to self isolate.	(1,596)	521	(1,076)	-
Cost of Living Support					
Winter Fuel Support payment	A payment of up to £200 per eligible households to put towards their on-grid fuel bills.	(851)	2	(849)	-
Winter Fuel Grant 22/23	A payment of up to £200 per eligible households to put towards their on-grid fuel bills.	(3,350)	3,375	25	-
Carer Allowance Payments	to enable Local Authorities to administer and make payments to unpaid carers in receipt of Carers Allowance	(1,182)	1,166	-	-
Ukraine Crisis Fund					
- Host Payments	£350 paid per month to hosts of Ukrainian family units	(82)	171	89	-
- Cash Payments	£200 payment to support individuals with essentials before universal credit is awarded	(30)	36	6	-

Notes to the Statement of Accounts

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2021-22

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
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	-
Cost of Living Support					
Cost of Living Support Scheme	£150 cost-of-living support payment for households who live in properties in council tax bands A-D; and all households who are recipients of the Council Tax Reduction Scheme in properties in council tax bands A-I.	-	7,343	7,343	-
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	-
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.	(4,867)	3,707	-	1,160
Freelancer grants culture	Payment available for freelancers in the culture sector of up to £2.5k	(75)	75	-	-

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.

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Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2022/23 is shown in Note 30. During 2022/23, works and services to the value of £29.6m were commissioned from or paid to companies in which 24 Members had an interest. This would include Wastesavers Ltd, Newport Live, Newport Norse and Newport Transport as detailed below (2021/22: £21.5m where 20 Members had an interest). As at 31st March 2023, the balances outstanding for related parties were debtors of £1.27m (2021/22 £1.99m) and creditors of £5.11m (2021/22 £3.64m).

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 £3.2m made to Waste Savers Ltd in 2022/23 (£3.8m in 2021/22). This company is independent from the Council. As at 31st March 2022, the balances outstanding for Wastesavers were debtors of £0 (£0k in 2021/22) and creditors of £644k (2021/22 £270k). 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 £841k in 2022/23 (2021/22 £618k), 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 2023, the balances outstanding for Newport Live were debtors of £37k (£236k in 2021/22) and creditors of £1.2m (2021/22 £1.70m). There were also Sundry debtors outstanding of £81k as at 31st March 2023.

Officers

No Senior Officers hold any other positions of seniority within any other Public Sector body.

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).

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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 2022/23 financial year. It also shows any outstanding balances as at 31st March 2023.

	2021/22			2022/23		
	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	-	1,083	-	-	1,077	-
Newport Norse	(1,756)	11,688	1,472	(1,345)	16,447	3,176
Pooled Budgets						
The Gwent Wide Integrated Community Equipment Service (GWICES)	-	414	-	-	334	-
The Gwent Frailty Programme	(1,834)	1,824	-	(1,826)	1,891	-
Joint Ventures						
Gwent Joint Records Committee	-	289	-	-	312	-
Greater Gwent Cremation Committee	(394)	239	-	(441)	251	-
Project Gwyrdd	-	2,096	-	-	2,142	-
Cardiff Capital Region City Deal (from 2017/18)	(489)	114	-	-	-	-

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 2023, the balances outstanding for Newport Transport Ltd were debtors of £0 and creditors of £158k and expenditure of £6.8m and income of £261k. Sundry debtors outstanding as at 31st March 2023 were £89k.

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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 £33,498 as at 31 March 2023. (2022: £33,434).

The Council operates 181 (2021/22: 184) appointee bank accounts holding £1,493,366 (2021/22: £1,511,483). 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.

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-22 £'000	31-Mar-23 £'000
Opening Capital Financing Requirement	274,278	278,426
<u>Capital investment</u>		
Property, Plant and Equipment	46,096	52,586
Heritage Assets	8	245
Short term lease liability	323	
Revenue Expenditure Funded from Capital Under Statute	4,169	4,690
Long Term Debtors (Loans to external companies)	4,688	697
<u>Sources of finance</u>		
Capital receipts	(18)	-
Government grants and other contributions	(49,442)	(43,995)
Sums set aside from revenue	8,932	(2,395)
Direct revenue contributions	(600)	(1,701)
Minimum Revenue Provision	(10,008)	(10,645)
Closing Capital Financing Requirement	278,426	277,908
Explanation of movements in year		
Increase in underlying need to borrow:		
Supported by government financial assistance	4,072	4,101
Un-supported by government financial assistance	8,330	6,378
Assets acquired under finance leases	251	27
Bullet Repayment of PFI Liability	-	
Assets acquired under PFI contracts	1,504	5
Minimum Revenue Provision	(10,008)	(10,645)
Increase/ (Decrease) in Capital Financing Requirement	4,149	(134)

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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-22 £'000	31-Mar-23 £'000
Vehicle, Plant, Furniture	725	725
Equipment	245	245
	<u>970</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-22 £'000	31-Mar-23 £'000
Finance lease liabilities (net present value of minimum lease payments)		
-current	134	35
-non current	136	101
Finance costs payable in future years	19	12
Minimum lease payments	<u>289</u>	<u>148</u>

The minimum lease payments will be payable over the following periods:

	31-Mar-22 £'000	31-Mar-23 £'000
Not later than one year	141	35
Later than one year and not later than five years	148	113
	<u>289</u>	<u>148</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-22 £'000	31-Mar-23 £'000
Not later than one year	1,198	1,194
Later than one year and not later than five years	3,585	3,094
Later than five years	7,591	7,052
	<u>12,374</u>	<u>11,340</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-22 £'000	31-Mar-23 £'000
Finance lease debtor (net present value of minimum lease payments)		
- current	-	-
- non-current	5,824	5,824
Unearned finance income	122,190	121,132
Unguaranteed residual value of property	-	-
Gross Investment in the lease	<u>128,014</u>	<u>126,956</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Minimum Lease Payment	Gross Investment in the Lease	Minimum Lease Payment	Gross Investment in the Lease
	31-Mar-22 £'000	31-Mar-22 £'000	31-Mar-23 £'000	31-Mar-23 £'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	125,369	5,824	124,311
	<u>5,824</u>	<u>128,014</u>	<u>5,824</u>	<u>126,956</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:

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.

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	31-Mar-22 £'000	31-Mar-23 £'000
Not later than one year	876	908
Later than one year and not later than five years	2,751	2,600
Later than five years	11,556	11,303
	<u>15,183</u>	<u>14,811</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-22 £'000	31-Mar-23 £'000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	472	472
	<u>472</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 2023 (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 2023/24	828	1,705	4,910	7,443
Payable within two to five years	3,532	7,541	19,788	30,862
Payable within six to ten years	5,127	11,004	25,086	41,218
Payable within eleven to fifteen years	5,617	12,374	25,302	43,293
Payable within sixteen to twenty years	5,157	10,616	19,188	34,961
Total	20,261	43,240	94,274	157,777

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-22 £'000	31-Mar-23 £'000
Balance outstanding at start of year	33,351	33,350
Net payments during the year	(1)	(1,632)
Balance outstanding at year-end	33,350	31,718

Glan Usk Primary School

2022/23 was the fourteenth 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 2023 (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 2023/24	692	676	777	2,145
Payable within two to five years	4,277	1,926	2,654	8,857
Payable within six to ten years	5,080	3,013	3,654	11,748
Payable within eleven to fifteen years	1,752	1,112	1,237	4,102
Total	11,801	6,727	8,322	26,852

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-22 £'000	31-Mar-23 £'000
Balance outstanding at start of year	7,971	7,352
Net payments during the year	(619)	(625)
Balance outstanding at year-end	7,352	6,727

40 CAPITALISATION OF BORROWING COSTS

There was no capitalisation of borrowing costs in 2021/22 or 2022/23

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 2022/23 the Council paid £14.7m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2021/22 were £14.1m and 23.67% of pensionable pay. As at the 31 March 2023 contributions of £1.3m were payable (31 March 2022: £1.2m).

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-22	Unfunded Teachers Discretionary Benefits 31-Mar-22	Local Government Pension Scheme 31-Mar-23	Unfunded Teachers Discretionary Benefits 31-Mar-23
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Cost of Services:				
Current service cost	44,061	-	43,063	-
Past service cost (including curtailments)	247	-	268	-
Effect of settlements	-	-	-	-
Financing and Investment Income and Expenditure				
Interest income on plan assets	(12,123)	-	(17,382)	-
Interest cost on defined benefit obligation	21,683	189	28,339	221
Total Post Employment Benefit Charged to the Surplus/Deficit on Provision of Services	53,868	189	54,288	221
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:				
Remeasurement of the net defined benefit liability comprising:				
Changes in Demographic Assumptions	(5,641)	(83)	(40,032)	(148)
Return on assets excluding amounts included in net interest	(24,017)	-	20,957	-
Changes in financial assumptions	(78,628)	(217)	(392,073)	(1,101)
Other experience	1,742	(331)	71,667	182
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(106,544)	(631)	(339,481)	(1,067)
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	53,868	189	54,288	221
Actual amount charged against the Council Fund Balance for pensions in the year				
Employer contributions	17,554	-	19,852	-
Contributions in respect of unfunded benefits	1,241	(840)	1,167	(786)
Effect of business combinations and disposals	-	-	-	-
	18,795	(840)	21,019	(786)

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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-22 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-22 £'000	Funded liabilities: Local Government Pension Scheme 31-Mar-23 £'000	Unfunded liabilities: Teachers Discretionary Benefits 31-Mar-23 £'000
Opening balance at 1 April	(1,071,254)	(9,847)	(1,037,887)	(8,565)
Current service cost	(44,061)	-	(43,063)	-
Interest cost on defined benefit obligation	(21,683)	(189)	(28,339)	(221)
Plan participants contributions	(5,031)	-	(5,645)	-
Actuarial gains and losses arising on changes in financial assumptions	78,628	217	392,073	1,101
Changes in Demographics Assumptions	5,641	83	40,032	148
Other experience	(1,742)	331	(43,576)	(182)
Benefits paid	21,862	840	23,914	786
Past service cost (including curtailments)	(247)	-	(268)	-
Effect of business combinations and disposals	-	-	-	-
Closing balance at 31 March	(1,037,887)	(8,565)	(702,759)	(6,933)

Local Government Pension Scheme	31-Mar-22 £'000	31-Mar-23 £'000
Opening balance at 1 April	605,986	643,250
Interest income on plan assets	12,123	17,382
Return on assets excluding amounts included in net interest	24,017	(20,957)
Employer contributions	18,795	21,019
Contributions by scheme participants	5,031	5,645
Benefits paid	(22,702)	(24,700)
Other Experience	-	(28,091)
Effect of business combinations and disposals	-	-
Closing balance at 31 March	643,250	613,548

Reconciliation of fair value of scheme assets

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 87.33 years on average. Both the Teachers' Discretionary Benefits and Greater Gwent (Torfaen) Pension Fund liabilities have been assessed by

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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 2022.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Discretionary Benefits	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
Mortality assumptions:				
Longevity at 65 for current pensioners:				
- Men (years)	20.5	20.2	20.5	20.2
- Women (years)	23.2	23.1	23.2	23.1
Longevity at 65 for future pensioners:				
- Men (years)	21.8	21.1	21.8	21.1
- Women (years)	25.1	24.9	25.1	24.9
Other Assumptions:				
Rate of CPI Inflation	3.20%	2.95%	3.20%	2.95%
Rate of increase in salaries	3.50%	3.45%	N / A	N / A
Rate of increase in pensions	3.20%	2.95%	3.20%	2.95%
Rate for discounting scheme liabilities	2.70%	4.75%	2.70%	4.75%
Take-up of option to convert annual pension	50.00%	65.00%	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-22 £'000	31-Mar-23 £'000
Equity Securities	-	-
Investment Funds	566,278	534,674
Property	14,721	12,426
Infrastructure	-	8,238
Alternatives	58,842	55,026
Cash	3,409	3,184
	643,250	613,548

43 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with Welsh Government Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices

Credit Risk

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of [A-], the UK government, other local authorities and organisations without credit ratings upon which the Council has received independent investment advice. 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). Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

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 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 credit quality of £10m of the Council's investments is enhanced by collateral held - £10m in the form of covered bonds collateralised by residential mortgages, the collateral significantly reduces the likelihood of the Council suffering a credit loss on these investments.

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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.

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:

	Estimated Exposure at 31 Mar 2022	Outstanding Debt as at 31 Mar 2023	Historic experience of default	Estimated Exposure to non-repayment Mar 2023
	£'000	£'000	%	£'000
Council tax debts	227	10,795	2.20	237
Trade debtors	76	11,664	0.78	91
	303			328

The Council expects repayment of its general debt within 30 days. However, £5.8m (50%) of £11.6m trade debt is past this due date. The equivalent 2021/22 comparison indicated 42% of debts exceeded 30 day period. Reasonable forbearance in recovery action has been applied whilst the electorate cope with the economic effects of the cost of living crisis. The trade debt is analysed as:

	31-Mar-22	31-Mar-23
	£'000	£'000
Less than thirty days	5,491	5,842
Less than three months	801	1,444
Three months to one year	1,414	1,809
More than one year	1,809	2,569
	9,515	11,664

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 £2,676k.

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-22	31-Mar-23
	£'000	£'000
Loan maturity		
Less than one year	4,406	5,012
Between one and two years	4,250	7,068
Between two and five years	35,155	31,073
More than five years	96,685	95,464
	140,497	138,617

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.

Market Risks - Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

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.

Market Risks - Price Risk

The Council does not generally invest in equity shares and therefore has no exposure to movement in share price.

Market Risks - 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 2023:

- **MMI Insurances** - The Council manages the residual insurance fund of the former Gwent County Council on behalf of Torfaen, Blaenau Gwent, Caerphilly and Monmouthshire 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

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£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 2022/23.

- **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 2023 the total claims outstanding particular to NCC is estimated at £3.1m. A provision has been made for claims totalling £1.3m 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.

The Council is also aware that it may be liable to contribute towards the cost of repairing the Duffryn District Heating System. The heating system was transferred to Newport City Homes as part of a historic transfer of housing stock, however, as part of that transfer, the Council agreed to contribute towards the future cost of repair. It is now known that the system requires repair. However, whilst it is known that the amount the Council will have to contribute is capped, the actual amount to be contributed is dependent upon the maintenance regime that has been in place in recent years and other ongoing discussions regarding liability. Until those discussions have concluded, it will not be known how much will need to be contributed and when.

- **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.
- **Landfill Tax** - 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

No Contingent Assets were identified at 31 March 2023.

INTRODUCTION

The group accounts that follow comply with the requirement of the 2022/23 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 2021/22, 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 2021/22 accounts. All notes have been restated where necessary to correspond to the final 2021/22 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 2023

Gross Expenditure	Restated Group Total 2021/22	Net Expenditure		Group Total 2022/23		
	Gross Income			Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
38,120	(8,480)	29,640	Childrens Services	43,681	(9,235)	34,445
80,642	(32,304)	48,338	Adult Services	90,249	(27,134)	63,115
28,476	(25,885)	2,592	Prevention & Inclusion	32,075	(28,944)	3,131
32,628	(5,486)	27,142	Corporate	40,663	(10,045)	30,618
18,328	(13,145)	5,183	Housing & Communities	22,495	(13,846)	8,650
30,325	(12,879)	17,446	Environment & Public Protection	30,398	(8,353)	22,045
32,277	(17,793)	14,484	Infrastructure	35,313	(18,240)	17,074
21,110	(11,406)	9,704	Regeneration & Economic Development	18,189	(7,595)	10,594
28,669	(10,129)	18,539	Education	33,059	(12,687)	20,371
157,030	(35,443)	121,587	Schools	169,203	(30,928)	138,275
41,260	(42,559)	(1,298)	Other Non Department Costs	38,562	(38,255)	307
5,520	-	5,520	Newport Transport Operating Expenditure	9,570	-	9,570
514,385	(215,508)	298,878	Cost of services	563,457	(205,262)	358,195
26,813	-	26,813	Other operating expenditure	28,672	-	28,672
20,838	(1,055)	19,783	Financing and investment income and expenditure	21,741	(1,655)	20,086
-	-	-	(Surplus) / deficit on discontinued operations	-	-	-
-	(372,991)	(372,991)	Taxation and non-specific grant income	321	(393,340)	(393,019)
562,036	(589,554)	(27,517)	(Surplus) / Deficit on Provision of services	614,191	(600,257)	13,934
		(11,656)	(Surplus) / deficit on revaluation of Property Plant and Equipment assets			78,286
		(107,175)	Actuarial (gains) / losses on pensions assets / liabilities			(340,548)
		-	Other gains / losses required to be included in the Comprehensive Income and Expenditure Statement			-
		-	Share of other comprehensive income and Expenditure of Subsidiaries			-
		(118,831)	Other Comprehensive Income and Expenditure			(262,262)
		(146,348)	Total Comprehensive Income and Expenditure			(248,328)

GROUP BALANCE SHEET AS AT 31 MARCH 2023

Restated

Total 2021/22		Notes	Total 2022/23
£'000			£'000
401,223	Property, Plant and Equipment	5	449,091
151,210	Property, Plant and Equipment - Infrastructure	5	147,456
17,362	Heritage Assets		19,451
12,530	Investment Property		12,411
196	Long Term Investments		10,608
27,216	Long Term Debtors		27,476
609,737	Long Term Assets		666,494
56,294	Short Term Investments		20,155
742	Assets Held for Sale		313
1,305	Inventories		575
76,179	Short Term Debtors	8	78,834
131	Deferred Tax Asset		131
7,293	Cash and Cash Equivalents	10	24,571
141,944	Current Assets		124,579
(5,049)	Short Term Borrowing		(5,012)
(72,987)	Short Term Creditors	9	(70,078)
(6,514)	Short Term Provisions	11	(7,941)
(13,169)	Other Short Term Liabilities		(19,190)
(97,719)	Current Liabilities		(102,221)
(17,251)	Long Term Creditors	7	(21,650)
(6,862)	Long Term Provisions	11	(6,431)
(136,058)	Long Term Borrowing		(132,149)
(403,203)	Pension Liability		(96,144)
(33,649)	Other Long Term Liabilities		(28,213)
-	Deferred tax liability		-
(597,022)	Long Term Liabilities		(284,587)
56,940	Net Assets		404,264
(151,852)	Usable Reserves		(138,868)
94,911	Unusable Reserves	16	(265,399)
(56,940)	Total Reserves		(404,264)

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 2021 carried forward	(6,500)	(95,018)	(6,753)	(108,271)	197,620	89,349
Movement in reserves during 2021/22 (Surplus) / deficit on the provision of services	(26,540)	-	-	(26,540)	(977)	(27,517)
Other comprehensive Income and Expenditure	-	-	-	-	(118,831)	(118,831)
Total Comprehensive Income and Expenditure	26,540	-	-	(26,540)	(119,808)	(146,348)
Adjustments between accounting basis and funding basis under regulations	(14,401)	-	(2,637)	(17,038)	17,097	59
Net Increase / Decrease before Transfers to Earmarked Reserves	(40,941)	-	(2,637)	(43,578)	(102,711)	(146,289)
Transfer to/ from Earmarked Reserves (Increase) / Decrease in 2021/22	40,945 4	(40,945) (40,945)	- (2,637)	- (43,578)	- (102,711)	- (146,289)
Balance at the 31 Mar 2022 carried forward	(6,496)	(135,963)	(9,390)	(151,849)	94,909	(56,940)
Balance at the 31 Mar 2022 carried forward	(6,496)	(135,963)	(9,390)	(151,849)	94,909	(56,940)
Movement in reserves during 2022/23 (Surplus) / deficit on the provision of services	14,954	-	-	14,954	(1,020)	13,934
Other comprehensive Income and Expenditure	-	-	-	-	(361,260)	(361,260)
Total Comprehensive Income and Expenditure	14,954	-	-	14,954	(362,280)	(347,326)
Adjustments between accounting basis and funding basis under regulations	(1,530)	-	(440)	(1,970)	1,970	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	13,424	-	(440)	12,984	(360,310)	(347,326)
Transfer to/ from Earmarked Reserves (Increase) / Decrease in 2022/23	(13,424) -	13,424 13,424	- (440)	- 12,984	- (360,310)	- (347,326)
Balance at the 31 Mar 2023 carried forward	(6,496)	(122,539)	(9,830)	(138,868)	(265,401)	(404,267)

GROUP CASH FLOW STATEMENT FOR YEAR ENDING 31 MARCH 2023

Total 2021/22 £'000		Note	Total 2022/23 £'000
(27,516)	Net (surplus) / deficit on the provision of services as shown on the Comprehensive Income and Expenditure Statement		13,934
(70,549)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	12	(58,468)
41,011	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	12	17,893
(57,053)	Net cash flows from Operating Activities		(26,640)
54,437	Investing Activities	13	12,684
6,785	Financing Activities	14	(3,321)
4,169	Net (increase) or decrease in cash and cash equivalents		(17,277)
11,462	Cash and cash equivalents at the beginning of the reporting period	10	7,293
7,293	Cash and cash equivalents at the end of the reporting period	10	24,571

Group Accounts

Statement of Accounts 2022/23

Newport City Council

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-22	31-Mar-23
£155,000 - £159,999	-	2
£130,000 - £134,999	1	1
£115,000 - £119,999	-	2
£110,000 - £114,999	1	1
£105,000 - £109,999	3	3
£100,000 - £104,999	2	3
£95,000 - £99,999	2	1
£90,000 - £94,999	1	2
£85,000 - £89,999	3	7
£80,000 - £84,999	10	7
£75,000 - £79,999	13	12
£70,000 - £74,999	14	13
£65,000 - £69,999	20	17
£60,000 - £64,999	24	44
Total	94	115

Further information regarding the remuneration of the employees of Newport Transport is contained within the company's 2022/23 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 2022/23 the following fees were paid by the council and its subsidiary in respect of audit and inspection.

	31-Mar-22	31-Mar-23
	£'000	£'000
Fees payable with regard to external audit of accounts	213	244
Fees payable in respect of local government measure	106	112
Fees payable for the certification of grant claims and returns for the year	57	61
Fees payable for other financial audit work	1	1
Total	377	419

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-22	31-Mar-23
	£'000	£'000
Not later than one year	1,952	2,628
Later than one year and not later than five years	6,186	7,813
Later than five years	11,264	15,406
	19,402	25,847

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-22	31-Mar-23
	£'000	£'000
Vehicle, Plant, Furniture	725	725
Equipment	245	245
	970	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-22	31-Mar-23
	£'000	£'000
Finance lease liabilities (net present value of minimum lease payments)		
- current	134	35
- non-current	136	101
Finance costs payable in future years	19	12
Minimum lease payments	289	148

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£'000	£'000	£'000	£'000
Not later than one year	153	47	134	35
Later than one year and not later than five years	136	101	136	101
	289	148	270	136

Group Accounts

Statement of Accounts 2022/23

Newport City Council

5 PROPERTY, PLANT & EQUIPMENT

2022/23	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2022	363,035	48,883	252	6,423	30,247	448,840	69,579
Additions	11,275	2,990	250	1	36,232	50,748	5
Donations	-	-	-	-	-	-	-
Re-classification	(3,563)	3,638	54	5,200	(4,173)	1,156	-
Revaluations	28,493	-	8	(7,202)	-	21,299	561
Impairments	(9,988)	(37)	(250)	(1)	-	(10,276)	(5)
Disposals	(213)	(8,804)	-	-	(2)	(9,019)	-
At 31 March 2023	389,039	46,670	314	4,421	62,304	502,748	70,140
Accumulated Depreciation and Impairment							
At 1 April 2022	(16,889)	(30,714)	-	-	(14)	(47,617)	(24,511)
Depreciation Charge in Year	(13,672)	(4,317)	-	-	-	(17,989)	(1,785)
Re-classification	2,762	-	-	-	(471)	2,291	-
Revaluation Impact	873	-	-	-	14	887	-
Disposals	29	8,743	-	-	-	8,772	-
At 31 March 2023	(26,897)	(26,288)	-	-	(471)	(53,656)	(26,296)
Net Book Value							
At 1 April 2022	346,146	18,169	252	6,423	30,233	401,223	45,068
At 31 March 2023	362,142	20,382	314	4,421	61,833	449,092	43,844
Restated							
2021/22	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	PFI Assets within PPE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2021	352,417	58,508	179	2,636	4,826	418,566	67,720
Additions	5,714	5,021	222	-	28,891	39,848	1,504
Donations	-	-	-	-	-	-	-
Re-classification	993	275	9	1,851	(3,470)	(342)	-
Revaluations	7,821	-	-	1,936	-	9,757	355
Impairments	(3,590)	(54)	(158)	-	-	(3,802)	-
Disposals	(320)	(14,867)	-	-	-	(15,187)	-
At 31 March 2022	363,035	48,883	252	6,423	30,247	448,840	69,579
Accumulated Depreciation and Impairment							
At 1 April 2021	(8,346)	(41,495)	-	-	-	(49,841)	(22,802)
Depreciation Charge in Year	(12,851)	(3,991)	-	-	-	(16,842)	(1,709)
Re-classification	418	-	-	-	(14)	404	-
Revaluation Impact	3,817	-	-	-	-	3,817	-
Disposals	73	14,772	-	-	-	14,845	-
At 31 March 2022	(16,889)	(30,714)	-	-	(14)	(47,617)	(24,511)
Net Book Value							
At 1 April 2021	344,071	17,013	179	2,636	4,826	368,725	44,918
At 31 March 2022	346,146	18,169	252	6,423	30,233	401,223	45,068

Infrastructure Assets

	2021-22	2022-23
Net Book Value at 1 April	147,597	151,210
Additions	10,004	5,341
Disposals	(87)	(2,296)
Depreciation	(7,115)	(5,896)
Impairment	(104)	(728)
Other movements in Cost	915	(175)
Net Book Value at 31 March	151,210	147,456

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 24L Wales of the Local Authorities (Capital Finance and Accounting) (Wales) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

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-22	31-Mar-23
	£'000	£'000
Other long term creditors	(17,251)	(21,650)
	<u>(17,251)</u>	<u>(21,650)</u>

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 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.

Group Accounts

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8 DEBTORS

	Restated 31-Mar-22			31-Mar-23		
	Gross £'000	Provision £'000	Net £'000	Gross £'000	Provision £'000	Net £'000
General	19,119	(6,517)	12,602	22,183	(4,913)	17,270
Council tax payers	9,877	(6,365)	3,512	10,795	(7,156)	3,639
NHS bodies	2,444	-	2,444	4,380	-	4,380
Central government bodies *	53,774	-	53,774	49,235	-	49,235
Other local authorities	3,847	-	3,847	4,309	-	4,309
	89,061	(12,882)	76,179	90,902	(12,069)	78,833

9 CREDITORS

	Restated	
	31-Mar-22 £'000	31-Mar-23 £'000
General	(44,896)	(41,635)
Central government bodies	(14,055)	(13,431)
Prepayments of council tax	(1,449)	(1,604)
NHS bodies	(583)	(395)
Other local authorities	(12,004)	(13,012)
	(72,987)	(70,077)

10 CASH AND CASH EQUIVALENTS

The balance of Cash and Cash equivalents is made up of the following elements;

	Restated	
	31-Mar-22 £'000	31-Mar-23 £'000
Cash held by the authority	9,760	25,164
Bank Current accounts	(2,467)	(593)
Total Cash and Cash Equivalents	7,293	24,571

11 PROVISIONS

	31-Mar-22	Unused amounts reversed	Amounts used	Further provisions	31-Mar-23
	£'000	£'000	£'000	£'000	£'000
<i>Current Provisions</i>					
Accumulated absence provision	(2,958)	2,958	-	(5,187)	(5,187)
Insurance / MMI Provision	(2,304)	-	1,009	(11)	(1,306)
Energy Provision	(30)	-	-	-	(30)
Health & Safety Fine	(1,100)	-	-	-	(1,100)
Overpaid Court Fees reimbursement	(122)	-	-	-	(122)
Other	-	-	-	(196)	(196)
	(6,514)	2,958	1,009	(5,394)	(7,941)
<i>Long Term Provisions</i>					
Landfill Capping	(6,620)	-	535	(104)	(6,189)
Other	(242)	-	-	-	(242)
	(6,862)	-	535	(104)	(6,431)

12 CASH FLOW STATEMENT - OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Restated 31-Mar-22	31-Mar-23
	£'000	£'000
Interest received	(21)	(1,098)
Interest paid	10,974	11,091
Loss on disposal of tangible assets	(13)	89
Taxation	125	(321)
	11,065	9,761

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	Restated 31-Mar-22	31-Mar-23
	£'000	£'000
Depreciation	(23,626)	(23,885)
Impairment and downward valuations	(1,872)	(6,594)
(Increase) / Decrease in creditors	(21,636)	(2,746)
Increase / (Decrease) in debtors	9,458	944
Increase / (Decrease) in stock	829	(730)
Pensions liability	(35,262)	(33,490)
Carrying amount of non-current assets sold	(2,922)	(1,531)
Other non cash adjustments	4,482	9,563
	(70,549)	(58,469)

Group Accounts

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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-22 £'000	31-Mar-23 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-	(36,139)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,655	440
Any other items for which the cash effects are investing or financing cash flows	38,356	53,592
Net cash flows from Operating activities	41,011	17,893

13 CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Restated 31-Mar-22 £'000	31-Mar-23 £'000
Purchase of property, plant and equipment, investment property and intangible assets	46,209	54,049
Purchase of short-term and long-term investments	41,000	10,412
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,655)	(440)
Other receipts from investing activities	(30,117)	(51,337)
Net cash flows from investing activities	54,437	12,684

14 CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Restated 31-Mar-22 £'000	31-Mar-23 £'000
Cash receipts of short- and long-term borrowing	545	(4,674)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1,079	2,426
Repayments of short- and long-term borrowing	10,456	8,551
Government Grant Income	(5,295)	(9,625)
Net cash flows from financing activities	6,785	(3,321)

15 TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	Restated 31-Mar-22	31-Mar-23
	£'000	£'000
Profit / (Loss) on Ordinary Activities before Tax	851	1,341
Profit / (Loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	162	255
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11	8
Capital allowances for year in excess of depreciation	13	16
Changes in deferred tax rate	(30)	88
Adjustments to tax charge in respect of prior periods	-	-
Rate difference regarding other comprehensive income	-	-
Deferred tax not recognised	(281)	(45)
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	(125)	322

16 UN-USABLE RESERVES

	Restated 31-Mar-22	31-Mar-23
	£'000	£'000
Profit and loss - Newport Transport	(2,460)	(3,484)
Revaluation Reserve - Newport Transport	(1,227)	(1,321)
Revaluation Reserve - Newport City Council	(208,222)	(221,569)
Capital Adjustment Account	(95,988)	(136,913)
Financial Instruments Adjustment Account	1,045	954
Deferred Capital Receipt Reserve	(21)	(21)
Pensions Reserve	403,201	96,143
Accumulated Absence Account	2,958	5,187
Cardiff City Region Aggregated Un-useable Reserves (NCC share)	(4,371)	(4,371)
	94,916	(265,394)

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 non-current 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 non-current assets.
- **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

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- **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 non-current 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 non-current 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 non-current 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.

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: 27th July 2023

Subject Draft Annual Governance Statement (AGS) 2022/23

Purpose 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 2022/23.

Author Acting Chief Internal Auditor / Head of Finance

Ward General

Summary In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement with its Annual Statement of Accounts. This Statement is based on how well the Council meets its own Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure and the Local Government and Elections (Wales) Act 2021. The recommendations and actions from this Statement for the Council to improve will be integrated into the Council's Annual Well-being and Self-Assessment Report.

Proposal To review the draft Annual Governance Statement and provide appropriate comments before recommending its presentation alongside the Annual Statement of Accounts 2022/23.

Action by The Governance & Audit Committee

Timetable Immediate

This report was prepared after consultation with:

- Chief Financial Officer
- Monitoring Officer
- Head of People, Policy & Transformation

Signed

Background

1. In order to meet the requirements of the Accounts and Audit (Wales) Regulations 2014, Newport City Council needs to prepare and present an Annual Governance Statement (AGS) alongside its Annual Statement of Accounts. The AGS is based on the Council's Code of Corporate Governance. A review of Governance is also a requirement of the Local Government Measure.
2. The Code sets out Newport City Council's approach to achieving and maintaining good corporate governance. It follows guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), and also takes account of the Welsh Government's 'citizen-centred governance principles for Wales'.
3. Newport City Council (the Council) is by nature, a complex organisation which affects the lives of all citizens in the area: As well as providing a diverse range of services, it also works with partner organisations who provide other public services. The Council's aims and priorities reflect these responsibilities.
4. The Council sees Corporate Governance as aiming to do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and also the culture and values, by which the Council is directed and controlled and how it accounts to and engages with its citizens.
5. Strong, transparent and responsive governance enables the Council to put citizens first by pursuing its aims and priorities effectively, and by underpinning them with appropriate mechanisms for managing performance and risk. In order to maintain citizens' confidence, these mechanisms must be sound and be seen to be sound.

Governance Principles

6. The Council operates through a governance framework that brings together its legislative responsibilities and management processes. 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.
7. The Council's AGS, shown at **Appendix 1**, is based around these governance principles and demonstrates how it ensures 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021.
 8. 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 which includes arrangements for the management of risk.
 9. The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
 10. 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 ongoing 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. The overall Council Internal Audit Opinion for 2022/23 is **Reasonable**.
 11. The governance framework has been in place at the Council for the year 2022/23.

Financial Summary (Capital and Revenue)

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

Risks

13. If Members are not involved in the endorsing the Annual Governance Statement it would weaken the overall governance arrangements of the Council and be non-

compliant with the Public Sector Internal Audit Standards, which therefore, could be subject to adverse criticism from the external auditor, currently Audit Wales.

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Members not involved with the annual governance process.	M	L	The Acting Chief Internal Auditor has compiled the AGS in conjunction with Senior Management and taken it to Governance & Audit Committee for discussion and comment.	Acting Chief Internal Auditor

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

14. The Governance framework and arrangements supports all of the Council's priorities and plans.
15. Giving management assurance on the systems in operation gives them confidence that there is sound financial management in place, that more effective services can be provided and the risk of theft, fraud and corruption is minimised. Better service provision and looking after the public pound makes our City a better place to live for all our citizens, hence delivering an ambitious, fairer, greener Newport for everyone. (Corporate Plan 2022-2027).

Options Available and Considered

16. This is a factual report and therefore there are no specific options to be considered. The Annual Governance Statement is a statutory requirement and forms part of the Annual Statement of Accounts. The statement sets out how the Authority is meeting its own Code of Corporate Governance.
17. That the Annual Governance Statement be accepted and presented alongside the Annual Statement of Accounts 2022/23, subject to any amendments suggested by the Governance & Audit Committee.

Preferred Option and Why

18. As per paragraphs above as it is a requirement of the Accounts and Audit (Wales) Regulations 2014, the Public Sector Internal Audit Standards and ensures good governance.

Comments of Chief Financial Officer

19. In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council has a comprehensive set of arrangements, processes and policies in place which meets the requirements of the Code. As expected, there are a number of improvements and developments required and these are identified in the self-assessments.

Comments of Monitoring Officer

20. In accordance with the Accounts and Audit (Wales) Regulations 2014, an Annual Governance Statement must be prepared with the Annual Statement of Accounts, setting out how well the Council complies with its Code of Corporate Governance. The Council's internal governance arrangements are set out in various constitutional framework documents under the umbrella of the Code of Governance. The Code has been prepared in accordance with relevant Guidance and incorporates the seven core governance principles developed by the Independent Commission on Good Governance in Public Services. It also reflects legislative requirements and ethical principles of democratic decision-making. Compliance with the Code will ensure that decisions continue to be made lawfully and with propriety and in a fair and transparent manner.

Comments of Head of People, Policy & Transformation

21. There are no other specific HR issues arising as a result of the report. Newport City Council is now required to self-assess its governance and performance as outlined in the Local Government and Elections (Wales) Act 2021. The Annual Governance Statement supports the Council's approach to self-assessing the effectiveness and efficiency of its performance and governance arrangements. The recommendations and actions for the Council to improve will be integrated into the Council's Annual Well-being and Self-Assessment Report. This work also aligns to the Council's statutory responsibilities under the Well-being of Future Generations Act (2015).

Scrutiny Committees

22. Not applicable.

Fairness and Equality Impact Assessment:

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

23. For this report, a full Fairness and Equality Impact Assessment is not required to be undertaken. This is because this report is not seeking any strategic decisions or

policy changes, with its purpose being to update Governance and Audit Committee on the Draft Annual Governance Statement of the Council for 2022/23. Equalities is considered in all audit work and fairness is a central principal to governance and a core principle of the Council's Corporate Plan.

24. 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 provides assurance and oversight of an effective internal audit provision to carry out its duties.

Consultation

25. Not applicable.

Background Papers

26. 2022/23 Approved Internal Audit Plan; 2022/23 Annual Internal Audit Report; Corporate Plan; Cabinet and Scrutiny papers; Council policies and procedures. NCC Code of Corporate Governance 2020/21.

Dated:

APPENDIX 1

ANNUAL GOVERNANCE STATEMENT 2022/23

DRAFT Version 8 – (Subject to CMT Comments - Deadline 24.07.23)



Annual Governance Statement

Newport City Council

2022/23

DRAFT REVISED FORMAT – V8

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 Self-Assessment Report. This Statement demonstrates that Newport City Council is compliant with these regulations for 2022/23.

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 2023/24.

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'.

The sound governance framework in place at Newport City Council is detailed in the revised [Code of Corporate Governance 2020/21](#) which includes a detailed list of all governance arrangements.

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 and the Local Government and Elections (Wales) Act 2021 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 The Local Government and Elections (Wales) Act 2021 provides for a new and reformed legislative framework for local government elections, democracy, governance and performance. Section 89 of the Act requires the Council to keep under review the extent to which it is fulfilling the 'performance requirements' that is, the extent to which:-
 - It is exercising its functions effectively;
 - It is using its resources economically, efficiently and effectively; and
 - Its governance is effective for securing the above.
- 1.4 Section 91 of the Act requires the Council produce and publish a self-assessment report in respect of each financial year. The completion and publication of the Council's Annual Governance Statement supports the Council's annual self-assessment report and will provide assurances on its governance arrangements. Recommendations and actions (including those from previous years) from the Annual Governance Statement will be integrated into the Council's Self-Assessment Report.
- 1.5 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.
- 1.6 '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.
- 1.7 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.
- 1.8 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 2022/23, and up to the date of approval of the statement of accounts.

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.

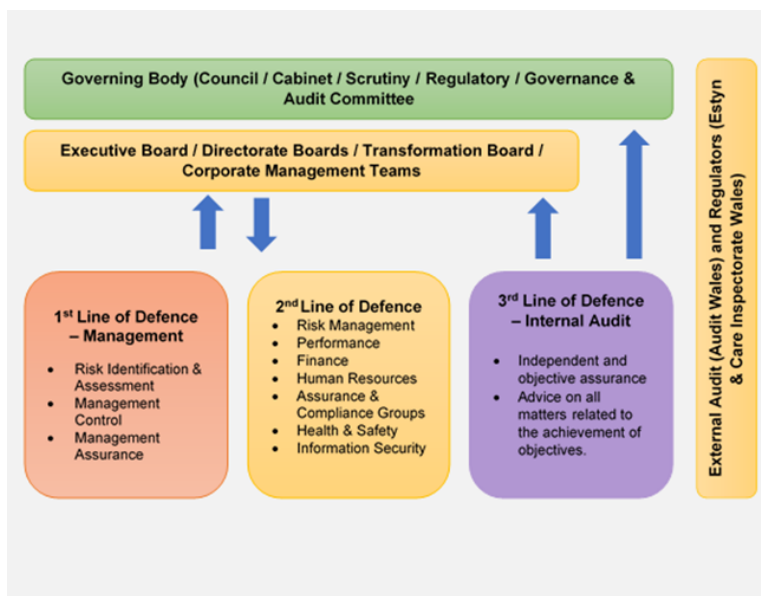
Achieving good governance in the public sector also requires effective arrangements for:

- 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 9 onwards.

4. The Three Lines in effective Risk Management and Control

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

Third Line - functions that provide independent assurance on the management of risks e.g. Internal Audit.

4.2 Additional assurance activity is also provided by External Audit (Audit Wales) and Regulators (Estyn and Care Inspectorate Wales). Reports from these are publicly reported.

5. Corporate Plan 2022-27

5.1 The Council's [Corporate Plan](#) for 2022 to 2027 "An Ambitious, Fairer, Greener Newport for everyone" sets out the 5 year vision and direction for the Council. This was signed off during 2022/23. 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.

5.2 The Corporate Plan outlines four Well-being Objectives which will support the Well-being of Future Generations Act and local, regional and national delivery. The Well-being Objectives are:

- **Well-being Objective 1 (Economy, Education & Skills)** – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.
- **Well-being Objective 2 (Newport's Environment & Infrastructure)** – A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.
- **Well-being Objective 3 (Preventative and Equitable Community and Social Care)** – Newport is a supportive city where communities and care are at the heart of what we do.
- **Well-being Objective 4 (An Inclusive, Fair and Sustainable Council)** – Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

5.3 To deliver the Corporate Plan, the Council has developed four principles:

- Fair and Inclusive
- Empowering each other

- A Listening Council
- Newport's Values

5.4 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.

5.5 An annual report of progress against the Corporate Plan is presented to Cabinet 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.

6 Gwent Public Services Board (PSB)

6.1 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.

6.2 The One Newport Public Service Board (PSB) Newport merged with other local boards during 2021/22 to form the regional Gwent Public Services Board (Cabinet October 2021). During 2022/23, One Newport PSB group concluded the delivery of the 2018-23 Well-being Plan.

6.3 From 2023/24, the One Newport group will deliver the priorities of the Gwent PSB in addition to the local priorities of Newport.

7 Cardiff Capital Region (Corporate Joint Committee)

7.1 The implementation of the Local Government and Elections (Wales) Act 2021, allowed for the creation of Corporate Joint Committees (CJCs) to oversee the delivery of regional development plans, transport plans and economic plans.

7.2 The [South East Wales CJC](#) has been established in 2022/23 and is made up of 10 local authorities (including Newport City Council) within the region. Similar to local authorities, the CJC has to publish and deliver a [Well-being Plan](#) and further governance arrangements in relation to the CJC are in progress. Further detail on CJC activities can be found [here](#).

8 Internal Audit (IA) and Annual Audit Opinion 2022/23

8.1 The Public Sector Internal Audit Standards (PSIAS) state that the 'Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.' Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.

- 8.2 IA provides assurance to the Executive Board, Heads of Service and the Governance & Audit Committee that services are being delivered effectively, efficiently and economically with fraud and error minimised.
- 8.3 In the Chief Internal Auditor's opinion, adequate assurance was obtained over the course of 2022/23 resulting in an overall '*Reasonable*' assurance audit opinion to be issued for the Council's internal controls. This was based on audit work undertaken by the team; the Revised Internal Audit Annual Plan was approved by the Governance & Audit Committee in July 2022. 77% of the approved Audit Plan was completed against the target of 80%, with 38 audit opinions issued. Further detail regarding the Internal Audit work undertaken and the team's performance is included within the Internal Audit Annual Report 2022/23 which was presented to the Governance & Audit Committee in May 2023.
- 8.4 4 unfavourable audit opinions were issued during 2022/23, 2 within Social Services, 1 within Finance and 1 within Infrastructure. These have been brought to the attention of the Governance & Audit Committee and call ins to Committee have taken place during the year and/or are due to take place during 2023/24.
- 8.5 The Corporate Governance Follow Up audit commenced during 2022/23. This audit was previously rated as unsatisfactory. The audit was concluded in June 2023 and a draft report issued. An improved draft opinion rating of 'Substantial' (level of Assurance) was given, demonstrating the improvements made and actions taken by managers to improve the overall governance arrangements.

SECTION 9: Annual Governance Statement Summary and Overall Conclusion for 2022/23

The Council has overall assessed its governance arrangements to be **effective**. The Council has based this upon the assessment completed in **Section 10** (below) of this Statement. Any actions outstanding from the 2021/22 Annual Governance Statement and any further actions to improve can be seen in the Action Plan in **Section 11**.

Summary of the Council's Assessment against the Code of Corporate Governance Principles:

Principle	Red (R)	Amber (A)	Green (G)	No. of Actions
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.				4
Principle B: Ensuring openness and comprehensive stakeholder engagement.				0
Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.				0
Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.				1
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.				2
Principle F: Managing risks and performance through robust internal control and strong public financial management.				1
Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.				1

Key:

	Generally sound governance arrangements in place, moderate issues for improvement identified.
	Significant issues identified that could impact on the overall governance arrangements. Actions required.
	Critical issues have been identified. Improvements required urgently.

SECTION 10:

1. COMMITMENTS TO GOVERNANCE PRINCIPLES

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



The Council is accountable not only for how much it spends, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, we can demonstrate the appropriateness of all our actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

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Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
Behaving with integrity	<ul style="list-style-type: none"> ▪ Members Code of Conduct in Constitution which reflects Local Authorities (Model Code of Conduct) (Wales) Order 2016. ▪ Employee Code of Conduct in Constitution (Feb 2023). ▪ Registers of employee declarations / interests and gifts & hospitality. ▪ Induction training for Members and Employees. ▪ Member/Officer Protocol in Constitution. ▪ Council Values ▪ Whistleblowing Policy (July 2022) 	<ul style="list-style-type: none"> ▪ Newport City Council is developing its new People Plan which will support new Council Values. This is identified as a key action in the People, Policy & Transformation Plan. ▪ New online processes introduced for employee declarations and gifts & hospitality. ▪ New e-Learning module on Whistleblowing introduced for all staff. There were 4 Whistleblowing cases raised during 2022/23, all of which were not upheld. ▪ Revised Policy Customer Feedback: Compliments, Comments and Complaints (April 2023) 	<ul style="list-style-type: none"> ▪ Launch / Introduce new People Plan. ▪ Development of a Fraud Risk Assessment. ▪ Review Counter Fraud arrangements and strengthen reporting in this area. ▪ NCC Code of Corporate Governance to be reviewed / updated.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	<ul style="list-style-type: none"> ▪ Anti-Fraud, Bribery and Corruption Policy (Cabinet – April 2021) ▪ Standards Committee ▪ Standards Committee Annual Report presented to Council. ▪ Member Dispute Resolution ▪ Compliments, Comments and Complaints Policy. ▪ Code of Corporate Governance ▪ Monthly staff communications through staff newsletters. 	<ul style="list-style-type: none"> ▪ Standards Committee 2021-22 Annual Report to Council Nov 2022. ▪ Regular update to Standards Committee on complaints made to the Ombudsman about City & Community Councillors. (April 2022, July 2022, Jan 2023). 	
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> ▪ Corporate Plan 2022-27 has set four principles for delivery. ▪ Contract Standing Orders (2020). ▪ Codes of Conduct for Members and Employees. ▪ Financial Regulations (2016). ▪ Standards Committee. ▪ Whistleblowing Policy (July 2022) ▪ Employee HR policies and engagement. ▪ Compliments, Comments and Complaints Policy and Annual Report. 	<ul style="list-style-type: none"> ▪ Corporate Plan 2022-27 has four principles which will support its delivery: Fair and Inclusive, Empowering each other; Listening Council; Newport's Values (People Plan). 	
Respecting the rule of law	<ul style="list-style-type: none"> ▪ Member and Employee Codes of Conduct in Constitution. ▪ Role of Head of Paid Service, Section 151 Officer and Monitoring Officer established in Constitution. ▪ CIPFA statement on the Role of the Chief Financial Officer. ▪ Anti-Fraud, Bribery and Corruption Policy (Cabinet – April 2021) 	<ul style="list-style-type: none"> ▪ Newport Constitution updated 1st March 2023. 	

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	<ul style="list-style-type: none"> ▪ Governance & Audit Committee ▪ Internal Audit Section ▪ Internal Audit Annual Report presented to Governance & Audit Committee. ▪ Audit Wales Annual Audit Letter ▪ Standards Committee ▪ Whistleblowing Policy (July 2022) ▪ Customer Compliments, Comments and Complaints Policy. ▪ Disciplinary Policy (Dec 2021) 	<ul style="list-style-type: none"> ▪ IA Annual Report 2021/22 to G&AC May 2022. 	

Principle B: Ensuring openness and comprehensive stakeholder engagement.



Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve															
<p>Openness</p>	<ul style="list-style-type: none"> ▪ Committee meeting agendas and papers published in advance of meetings. ▪ Minutes published following meetings. ▪ Decision making process described in Constitution. ▪ Forward Work Programmes published on website showing key decisions to be made by Council and Cabinet. ▪ Consultation and Engagement Strategy & Consultation. ▪ Annual budget consultation Publication Scheme. ▪ Freedom of Information and Subject Access Requests. ▪ Customer Compliments, Comments and Complaints Policy. ▪ Public questions at Council and Cabinet Engagement with hard to reach groups such as BME, Disability and LGBTQ+ communities. As well as engagement with 	<ul style="list-style-type: none"> ▪ Customer Compliments, Comments and Complaints Policy updated and now reported to Governance & Audit Committee. (29th September 2022 & 30th March 2023) ▪ The Council has responded to Freedom of Information Act requests within the required 20 days: <table border="1" data-bbox="1070 1043 1563 1412"> <thead> <tr> <th></th> <th>2021-22</th> <th>2022-23</th> </tr> </thead> <tbody> <tr> <td>No' of FOI requests</td> <td>953</td> <td>992</td> </tr> <tr> <td>No' responded to within 20 days</td> <td>853</td> <td>903</td> </tr> <tr> <td>% of FOIs responded to within 20 days</td> <td>89.5%</td> <td>91%</td> </tr> <tr> <td></td> <td>Target 88%</td> <td>Target 88%</td> </tr> </tbody> </table>		2021-22	2022-23	No' of FOI requests	953	992	No' responded to within 20 days	853	903	% of FOIs responded to within 20 days	89.5%	91%		Target 88%	Target 88%	
	2021-22	2022-23																
No' of FOI requests	953	992																
No' responded to within 20 days	853	903																
% of FOIs responded to within 20 days	89.5%	91%																
	Target 88%	Target 88%																

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve												
	children and young people to meet the requirement of the UNCRC.														
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ▪ Public Service Board and One Newport Plan/Well- Being Plan. ▪ South East Wales Corporate Joint Committee. ▪ Community Safety Partnership. ▪ Partnership agreements including TOR / Contract arrangements. ▪ Partnerships Scrutiny Committee. ▪ Consultations, Surveys and Engagements. 	<ul style="list-style-type: none"> ▪ The South East Wales CJC was established in 2022/23 and governance arrangements are still in progress. ▪ Partnerships Scrutiny Committee role is to assess the effectiveness of arrangements in place. 													
Engaging with individual citizens and service users effectively	<ul style="list-style-type: none"> ▪ Review of Public Engagement in Newport City Council. ▪ Participation Strategy 2022-2026 ▪ Have Your Say consultations on NCC Webpage ▪ Consultation principles and toolkit available on Intranet. ▪ Compliments, Comments & Complaints Policy and Annual Report. ▪ Medium Term Financial Plan (Budget Proposals) – Public Engagement. ▪ Public wi-fi on Newport Transport buses. 	<ul style="list-style-type: none"> ▪ Participation Strategy was implemented in 2022/23 as part of Local Government and Elections (Wales) Act 2021. ▪ Annual Report on Compliments, Comments & Complaints for 2021/22 to G&AC 29th September 2022 & Cabinet 16th November 2022. ▪ The following table shows the number of complaints received for the past two years: <table border="1" data-bbox="1070 999 1626 1318"> <thead> <tr> <th></th> <th>2021-22</th> <th>2022-23</th> </tr> </thead> <tbody> <tr> <td>Stage 1 Complaints</td> <td>271</td> <td>341</td> </tr> <tr> <td>Stage 2 Complaints</td> <td>31</td> <td>46</td> </tr> <tr> <td>Complaints to PSOW</td> <td>24</td> <td>37</td> </tr> </tbody> </table>		2021-22	2022-23	Stage 1 Complaints	271	341	Stage 2 Complaints	31	46	Complaints to PSOW	24	37	
	2021-22	2022-23													
Stage 1 Complaints	271	341													
Stage 2 Complaints	31	46													
Complaints to PSOW	24	37													

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



The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the Authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Defining Outcomes</p>	<ul style="list-style-type: none"> ▪ Corporate Plan produced and reviewed annually in accordance with Local Government & Elections (Wales) Act 2021 and 'Wellbeing Objectives' in Wellbeing of Future Generations (Wales) Act 2015. ▪ Other strategic plans to support Corporate responsibilities e.g. Climate Change Plan, Welsh Language Plan etc. ▪ Annual and Mid-year Performance Monitoring Reports. ▪ Annual Self-Assessment Review. ▪ Well-being Plan 2018-23 produced by Public Service Board (One Newport) ▪ Service Plans reviewed annually by each Head of Service. ▪ Monthly Performance and Financial 	<ul style="list-style-type: none"> ▪ Corporate Plan 2022-27 approved by Council in November 2022. ▪ Other strategies updated in 2022/23 were Digital Strategy 2023-2027, Participation Strategy 2022-2026, Welsh Language Strategy 2022-2027 and Welsh in Education Strategic Plan 2022-2032. ▪ Annual Self-Assessment Report 2022/23 to be published in October / November. ▪ Mid-year review 2022/23 paused but replaced with Scrutiny review of new service plans to support new Corporate Plan. ▪ 2022/23 End of Year Reviews to be completed in July 2023. ▪ Performance and Planning Policy updated and finalised in June 2023. 	

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	<p>Monitoring meetings held for each service area.</p> <ul style="list-style-type: none"> ▪ Corporate Performance and Planning Policy and Risk Management Policy. 	<ul style="list-style-type: none"> ▪ Risk Management Policy to be updated in Autumn 2023. ▪ New Regional PSB Well-being Planned in development. Launched in 2023/24 	
<p>Sustainable economic, social and environmental benefits</p>	<ul style="list-style-type: none"> ▪ Medium Term Financial Plan covering 3 financial years approved annually by Council. ▪ Strategic Plan for Procurement 2020-2024 ▪ Corporate Plan 2022-2027 ▪ Climate Change Plan 2022-2027 ▪ FEIAs including Socio-Economic Duty. ▪ Performance and Planning Policy and Risk Management Policy ▪ Cabinet Reports and Scrutiny Reports ▪ One Newport (PSB) / Marmot Principles (Fair Society Healthy Lives) 	<ul style="list-style-type: none"> ▪ Developed an NCC Core List of TOMs (Themes, Outcomes & Measures) for measuring Social Value delivery through Commissioning, Procurement and Contract Management and associated reporting. (Cabinet – March 2023) 	

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



Local government achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource input while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Determining interventions</p>	<ul style="list-style-type: none"> ▪ Corporate Plan 2022-27. ▪ PSB Well-being Plan 2018-22 and new one 2023-28. ▪ Officer review of Welsh Government Legislation including Cabinet / Cabinet Member reports as necessary. ▪ Scrutiny function. ▪ Performance & Planning Policy and Risk Management Policy. ▪ Finance and Legal implications considered in all Council, Cabinet and Committee reports. ▪ Options for decision making considered in all Council, Cabinet and Committee reports. ▪ Council / Cabinet / Cabinet Member reports. 	<ul style="list-style-type: none"> ▪ Transformation Plan will support delivery of the new Corporate Plan. New programmes and projects supported by improved business cases to enable evidence based decision making. ▪ Annual Self-Assessment of performance and governance aligned with new Local Government & Elections (Wales) Act 2021. 	

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	<ul style="list-style-type: none"> ▪ Results of consultation exercises ▪ Fairness Equality Impact Assessment process. 		
Planning interventions	<ul style="list-style-type: none"> ▪ Review of Public Engagement in Newport City Council. ▪ Performance (Finance, Human Resources and service plans), Risks and strategic planning reported to Executive Board, CMT, DMT and service management teams. ▪ Mid-year and End of Year performance reports to Scrutiny and Cabinet. ▪ Quarterly reporting of performance and risk. ▪ Annual budget setting process in place including consultation exercise. ▪ Annual Service Plan review and updates. ▪ Financial Regulations (2016). ▪ Senior Management Structure. 	<ul style="list-style-type: none"> ▪ Service plans updated in November / December 2022 subject to Scrutiny and Cabinet Member sign off. 	
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ▪ Quarterly Financial Monitoring reports to Cabinet. ▪ Medium Term Financial Plan. ▪ Budget consultation. ▪ Mid-year and End of year performance reviews to Scrutiny and Cabinet. ▪ Quarterly performance updates. ▪ Service area Challenge Reviews and Deep Dive Reviews by Executive Board. 		<p>Establishment of an ‘assurance group’ to provide time and focus on:</p> <ul style="list-style-type: none"> (i) Review of new capital projects for inclusion on the Capital Programme, including capital funds bidding. (ii) Review of progress in delivering capital projects and budget.

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



Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Developing the entity's capacity</p>	<ul style="list-style-type: none"> ▪ Governance structure to ensure leadership and governance arrangements in place. ▪ Service planning process includes workforce planning. ▪ Quarterly financial and performance reports to Cabinet. ▪ Partnership & collaborative working arrangements e.g. PSB, Regional working. ▪ Graduate and apprenticeship schemes in place. 	<ul style="list-style-type: none"> ▪ New governance structure to support the 11 service areas. ▪ Executive Board (Chief Executive / Strategic Directors). ▪ Directorate Management Teams (Director and Heads of Service) ▪ Service Management Teams (Heads of Service / Service Managers). ▪ Restructures and service area redesigns ongoing to meet service users needs. ▪ Internal Audit reviews highlighted weaknesses in control and as a result management have identified resourcing and resilience as a priority. 	<ul style="list-style-type: none"> ▪ Understanding the workforce capacity and capability to deliver the Transformation Plan and Corporate Plan objectives.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> ▪ Regular performance review for all staff as part of Wellness at Work Policy. ▪ Member/Officer Protocol in Constitution. ▪ Scheme of Delegation published in Constitution. ▪ Monthly One to One meetings are held involving the Leader, Cabinet Members, Chief Executive, Strategic Directors, Heads of Service and 3rd tier staff. ▪ Councillor Training Programme developed based on a Training Needs Assessment. ▪ Continual performance review for all staff under check-ins (iTrent). ▪ Occupational Health and Wellness at Work policy exists with aim of promoting the health and wellbeing of all employees to enable them to achieve their full potential at work. ▪ Action plans within Internal Audit reports. ▪ Lessons Learnt – Central Accountancy / External Audit. ▪ Graduate and apprenticeship schemes in place. 	<ul style="list-style-type: none"> ▪ People, Policy & Transformation Service Plan Outturn. 	<ul style="list-style-type: none"> ▪ Increase the number of required performance reviews/one to one meetings/return to work meetings/budget management forecasting which are completed.

Principle F — Managing risks and performance through robust internal control and strong public financial management.



Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will ensure financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
Managing Risk	<ul style="list-style-type: none"> ▪ Risk Management Policy in place including risk appetite statement. ▪ Corporate / service area risks monitored every quarter. ▪ Corporate Risk Register reviewed by the Executive Board and Directorate Management Teams. ▪ Governance & Audit Committee & Cabinet reporting on risk once a quarter. ▪ Risk Management integrated into Cabinet and Cabinet Member reports. ▪ Annual Digital report presented to Overview Scrutiny Management 	<ul style="list-style-type: none"> ▪ New Risk Management Policy is in draft and will be finalised by Autumn 2023. ▪ Corporate Risk Register Qtr1 2022-23 to G&AC Sept 2022. ▪ Corporate Risk Register Qtr2 2022-23 to G&AC Jan 2023. ▪ Corporate Risk Register Qtr3 2022-23 to G&AC Mar 2023. ▪ 2021/22 Digital Report to O&SM July 2022. ▪ 2021/22 Annual Information Risk Report to O&SM Sept 2022. 	<ul style="list-style-type: none"> ▪ Finalise and Implement new Risk Management Policy.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	Committee. <ul style="list-style-type: none"> ▪ Regulatory bodies and Cabinet / senior officers annual risk assessment. 		
Managing Performance	<ul style="list-style-type: none"> ▪ Performance and Planning Policy is in place. ▪ Performance against Corporate Plan reviewed annually (reported in Autumn). ▪ Mid-Year Review and End of Year Review of service plan delivery with Scrutiny and Cabinet. ▪ Quarterly performance reviews by Executive Board and Directorate Management Teams. ▪ Service Plans and performance measures reviewed annually. ▪ Scrutiny function ▪ Other annual performance reports produced on subject topic areas and regulatory requirements. ▪ Annual Report from Director of Social Services. 	<ul style="list-style-type: none"> ▪ Performance and Planning Policy to be finalised in June 2023 following Scrutiny. ▪ Internal Challenge Reviews and Deep Dives into service area performance and specific areas of underperformance, risk and areas of concern. ▪ New annual performance reports on specific areas produced e.g. Climate Change Plan annual report, Digital Strategy annual report, Strategic Equalities and Welsh Language annual reports. ▪ Director of Social Services Annual Report 2022/23 presented to Cabinet June 2023. 	
Robust Internal Control	<ul style="list-style-type: none"> ▪ Governance & Audit Committee provide assurance on effectiveness of internal control, risk management and governance processes. ▪ Governance & Audit Committee Annual Performance Review ▪ Governance & Audit Committee Annual Report to Council. ▪ Anti-Fraud, Bribery and Corruption Policy (Cabinet April 2021) ▪ Role of Internal Audit Section (Internal Audit Charter) 	<ul style="list-style-type: none"> ▪ 2021/22 IA Annual Report presented to G&AC 26th May 2022. ▪ 2022/23 Revised IA Plan presented to G&AC 28th July 2022. ▪ Qtr1 2022/23 Progress v Plan presented to G&AC 29th September 2022. ▪ Qtr2 2022/23 Progress v Plan presented to G&AC 27th October 2022. ▪ Qtr3 2022/23 Progress v Plan presented to G&AC 26th January 	<ul style="list-style-type: none"> ▪ Refer to Principle A actions (4, 5)

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
	<ul style="list-style-type: none"> ▪ Annual IA Plans approved by Governance & Audit Committee. ▪ Annual IA Reports & quarterly Plan v Progress reports to Governance & Audit Committee. ▪ G&AC Call in of Unfavourable audit opinions. ▪ All waivers of Contract Standing Orders and urgent decisions are reported through the Governance & Audit Committee quarterly. ▪ Annual Governance Statement ▪ Financial Regulations (2016) ▪ Contract Standing Orders (2020) 	<p>2023.</p> <ul style="list-style-type: none"> ▪ Call ins of unfavourable audit opinions to G&AC during 2022/23. 	
Managing data	<ul style="list-style-type: none"> ▪ Data Protection Policy (2019) ▪ Information Governance Group in place. ▪ Senior Information Risk Officer (SIRO) in place. ▪ Information Asset Register ▪ Information sharing guidance published. ▪ Information Risk Policy ▪ Annual Information Governance report to Governance & Audit Committee and Cabinet. ▪ Freedom of Information and Subject Access Request policies and procedures. 	<ul style="list-style-type: none"> ▪ 2021/22 Annual Information Risk Report to O&SM Sept 2022. 	

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Strong public financial management</p>	<ul style="list-style-type: none"> ▪ Financial Regulations (2016) in Constitution ▪ Contract Standing Orders (2020) in Constitution ▪ Accounting Instructions on Intranet. ▪ Treasury Management Strategy & Annual Outturn Report ▪ Capital Strategy (inc Capital Programme) ▪ Capital Strategy Asset Management Group (CSAMG) ▪ Monthly monitoring and reporting of service area budgets. ▪ Monitoring reports presented to Executive Board, DMT, CMT and service area management teams. ▪ Peer / challenge reviews on finance / budget setting. ▪ Revenue Budget Monitor & Capital Reports to Cabinet. ▪ Regular reporting on NCC response to External Pressures impacting Council Services (cost of living crises) 	<ul style="list-style-type: none"> ▪ Half yearly report on Treasury Management for 2022/23 presented to G&AC Oct 2022. ▪ Treasury Management Outturn Report 2022/23 presented to Cabinet June 2023. ▪ New five year Capital Programme from 2023/24. ▪ People Services Capital Board ▪ Monthly update to Cabinet members on the key pressures facing our communities, businesses, and council services, along with updates on how we are working collaboratively with our partners to help support our residents. 	

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



Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

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Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
Implementing good practice in transparency	<ul style="list-style-type: none"> ▪ Report templates exist to ensure consistency in reports. ▪ Annual Reports and Self-Assessment of Governance and performance arrangements. ▪ NCC Transparency Webpage. 		
Implementing good practices in reporting	<ul style="list-style-type: none"> ▪ Annual Statement of Accounts audited by external auditor and approved by Council. ▪ NCC Code of Corporate Governance based on CIPFA/SOLACE Framework 2016 (2020/21) ▪ Annual Governance Statement as part of the Statement of Accounts. ▪ Annual Self-Assessment of Performance. ▪ Annual Performance report ▪ 6 monthly service plan reviews and reports to Scrutiny and Cabinet. 	<ul style="list-style-type: none"> ▪ 2021/22 Statement of Accounts to G&AC Jan 2023. Late sign off, mainly due to external factors. 	<ul style="list-style-type: none"> ▪ Timely sign off of 2022/23 Statement of Accounts.

Sub-Principles	What is in place to support this?	Evidence / Updates 2022/23	Further Action(s) to improve
<p>Assurance and effective accountability</p>	<ul style="list-style-type: none"> ▪ Annual reports to Scrutiny and Cabinet. ▪ External Audit provided by Audit Wales. ▪ Six monthly report on Audit Wales and Regulatory activity to Governance & Audit Committee. ▪ Performance of Internal Audit Section monitored by Governance & Audit Committee. ▪ Internal Audit annual report to Governance & Audit Committee. ▪ Internal management structure / governance arrangements: <ol style="list-style-type: none"> I. Executive Board (Chief Exec & Directors) II. Corporate Management Team (Chief Exec / Directors / Heads of Service) III. Directorate Management Teams (Directors and Heads of Service) ▪ Annual Governance Statement ▪ Regular meetings with Audit Wales between Leader / Chief Exec and Exec Board. ▪ Annual meeting between external regulators and Cabinet / Senior Officers. 	<ul style="list-style-type: none"> ▪ Audit Wales & Regulatory Bodies 6mth update to G&AC Jan 2023. (Apr-Dec 2022) ▪ Regular Progress Against Audit Plan reports to G&AC during 2022/23. ▪ Regular meetings of Exec Board / CMT / DMT's during 2022/23. 	

SECTION 11: Annual Governance Statement 2022/23 – Action Plan (June 2023)

Based on the review of the governance framework, the following issues need to be addressed during 2023/24 to further improve and strengthen the governance arrangements and their effectiveness going forward.

Action No.	Issue / Action	Principle	Lead Directorate / Service Area	Start Date	Anticipated Completion Date
1	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.	C/F from previous action plan	Transformation & Corporate Finance	1 st April 2023	31 st March 2024
2	Transformation approach under development June 2023. The first programmes have commenced and new project management documentation is being reviewed. Clear owners (SROs) are established for the programme, and the escalation is to Executive Board. Planning and Performance Policy update reviewed by Scrutiny and Cabinet Member report will go through the democratic process June 2023.	C/F from 2021/22 action plan	Transformation & Corporate People, Policy & Transformation	Ongoing	31 st March 2024
3	Launch / Introduce new People Plan.	A – Behaving with Integrity	Transformation & Corporate People, Policy & Transformation	1 st April 2023	31 st December 2023
4	Development of a Fraud Risk Assessment.	A – Behaving with Integrity	Transformation & Corporate Finance	1 st July 2023	31 st March 2024

Action No.	Issue / Action	Principle	Lead Directorate / Service Area	Start Date	Anticipated Completion Date
5	Review Counter Fraud arrangements and strengthen reporting in this area.	A – Behaving with Integrity	Transformation & Corporate Finance	1 st July 2023	31 st March 2024
6	NCC Code of Corporate Governance to be reviewed / updated.	A – Behaving with Integrity	Transformation & Corporate Finance Law & Standards	1 st July 2023	31 st March 2024
7	Understanding the workforce capacity and capability to deliver the Transformation Plan and Corporate Plan objectives.	E – Developing the Entity's Capacity	Transformation & Corporate People, Policy & Transformation	1 st April 2023	31 st December 2023
8	Finalise and Implement new Risk Management Policy.	F – Managing Risk	Transformation & Corporate People, Policy & Transformation	1 st April 2023	31 st December 2023
9	Timely sign off of 2022/23 Statement of Accounts.	G – Implementing Good Practices in Reporting	Transformation & Corporate Finance	1 st April 2023	30 th November 2023
10	Establishment of an 'assurance group' to provide time and focus on: (i) Review of new capital projects for inclusion on the Capital Programme, including capital funds bidding. (ii) Review of progress in	D - Optimising achievement of intended outcomes	Transformation & Corporate Finance	1 st October 2023	Ongoing

Action No.	Issue / Action	Principle	Lead Directorate / Service Area	Start Date	Anticipated Completion Date
	delivering capital projects and budget.				
11	Increase the number of required performance reviews/one to one meetings/return to work meetings/budget management forecasting which are completed.	E - Developing the capability of the entity's leadership and other individuals	Corporate Management Team (CMT)	1 st April 2023	Ongoing

11 Conclusion

- 11.1 In conclusion during 2022/23 there were no 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 with actions to improve identified. This will be monitored and reviewed during 2023/24 to ensure effective arrangements are maintained.

Signed:Date..... 2023

Councillor Jane Mudd, Leader of Newport City Council

Signed: Date..... 2023

Beverly Owen, Chief Executive of Newport City Council



Report

Governance and Audit Committee

Part 1

Date: 27 July 2023

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.

28 September 2023
Corporate Risk Register Quarter 1
Progress Against Internal Audit Plan 2023/24 Quarter 1
Annual Corporate Self-Assessment
Annual Report on Compliments, Comments and Complaints Management 2023
Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts- 6 month Update

Audit of Financial Statements Report 2021/22
Audit Enquiries Letter 2021/22
Referrals to Governance and Audit Committee

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.

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)

28 September 2023
Corporate Risk Register Quarter 1
Progress Against Internal Audit Plan 2023/24 Quarter 1
Annual Corporate Self-Assessment
Annual Report on Compliments, Comments and Complaints Management 2023
Call In the Strategic Director of Environment and Sustainability and Head of Service re the PTU Taxi Contracts- 6-month Update
Audit Wales Annual Report on Grants Works 2020-21 and 2021-22 Draft
Audit of Financial Statements Report 2021/22
Audit Enquiries Letter 2021/22
Referrals to Governance and Audit Committee

26 October 2023
Internal Audit Plan – Progress (Quarter 2)
SO24/Waiving of Contract SOs: Quarterly report reviewing Cabinet/CM urgent decisions or waiving Contract SOs (Quarter 2, July to September)
Risk Management Policy
Audit Wales Annual Report on Grants Works 2020-21 and 2021-22 Draft (TBC)
Treasury Management Report

Lessons Learned 2022/23
23 November 2023 (Extra Committee)
Statement of Accounts 2022/2023
25 January 2024
Internal Audit Plan – Progress (Quarter 3)
Corporate Risk Register Quarter 2
Audit of Financial Statements Report 2022/23
Financial Memorandum on the 2021-22 Financial Audit
Audit Wales and Regulatory Bodies 6-month update
Internal Audit Unsatisfactory Audit Opinions (6 monthly report)
Referrals to Audit Committee
28 March 2024
Corporate Risk Register (Quarter 3)
WAO Annual Report on Grants Works 2022-23
Annual Governance Statement (draft statement)
Member Development Self Evaluation Exercise
Referrals to Audit Committee
30 May 2024
Appointment of Chairperson
Treasury Management Year End Report 2023/2024
Corporate Risk Register Quarter 4
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 2023-2024 Draft
Internal Audit Annual Report 2022-2023
Internal Audit Annual Plan 2024-2025
Audit Wales Annual Audit Summary 2023
Audit Wales Annual Audit Plan 2024

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