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Agenda

Cabinet

Date: Wednesday, 14 February 2024

Time: 4.00 pm

Venue: Council Chamber / Hybrid

To: Councillors J Mudd (Chair), D Davies, D Batrouni, J Clarke, Y Forsey, D Harvey, J Hughes, L Lacey and S Marshall

Item		Wards Affected
1	Apologies for Absence	
2	Declarations of Interest	
3	Minutes of the Last Meeting *(Pages 3 - 16)*	
4	2024/25 Capital Strategy and Treasury Management Strategy *(Pages 17 - 76)*	All Wards
5	2024/25 Revenue Budget and MTFP: Final Proposals *(Pages 77 - 202)*	
6	Newport City Council, Social Value Outcomes in Procurement Update *(Pages 203 - 214)*	
7	NCC External Pressures - Cost of Living *(Pages 215 - 220)*	
8	Work Programme *(Pages 221 - 228)*	

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Minutes

Cabinet

Date:	10 January 2024
Time:	4.00 pm
Present:	Councillors J Mudd (Chair), D Davies, D Batrouni, J Clarke, Y Forsey, D Harvey, J Hughes and L Lacey

1 **Apologies for Absence**

Councillor Marshall.

2 **Declarations of Interest**

None received.

3 **Minutes of the Last Meeting**

Item 4 September Revenue and Budget Monitor Report: Councillor Davies referred to a point of accuracy. Comment to be changed from no spending reserves in Newport Schools to there had been an overspend of reserves by £5.4M.

The Minutes were therefore accepted subject to the above.

4 **2024/25 Budget and Medium-Term Financial Plan (MTFP)**

The Leader presented the first report to Cabinet colleagues that dealt with the 2024/25 Council budget and draft budget proposals.

The report outlined the key planning assumptions for the proposed budget, investments and the savings that were required to produce a balanced annual budget, and which also delivered sustainable future finances to ensure the Council continued to deliver services to residents in Newport and met its priorities.

The report also covered the consultation arrangements and the timetable to agree final budget proposals to be considered at full Council at the end of February.

The budget consultation was started later than usual to ensure certainty on the Council's core 'revenue support grant settlement' and considered the budget gap.

Further work is required before agreeing the final budget proposals, concerning aspects of the settlement itself. Whilst the Council budget has a budget gap for 2024/25, the Leader was pleased to confirm that it was lower than this time last year and previous years. The report considered confirmed a budget gap before savings of £3.8m due to funding increasing at a lower rate than cost increases.

The Leader provided more detail on key parts of the draft budget to the Cabinet.

The Councils budget remains subject to significant price and inflationary increases on pay and social care contracts, driven mainly by the significant increase in the UK minimum wage and, more specifically in Newport, the 'real living wage' rates. The increase was smaller than anticipated back in February 2023, because of significantly reduced energy costs and some of that decrease has been kept back to invest into a new match funding budget against Welsh Government grants for carbon reduction projects.

Demand on services continued to be the biggest challenge. Continued increases impact on children's social care and homelessness provision with legacy issues of Covid and the current cost of living challenges. These represent the biggest risks to the Council's future financial sustainability and work to stabilise these to the greatest extent possible continues. Newport received the highest percentage increase in its core funding settlement from the Welsh Government, driven by demographic factors such as an increasing population. Funding increased by 4.7%, which is a further £13.5m of funding.

The Council is consulting on an 8.5% increase in Council Tax;

- The starting point is lower than nearly all other Councils in Wales and the UK. In cash terms, the increase is much lower than the percentage might suggest. The report showed that this would be £1.50 to £2.01 per week for those houses in Newport's most common bandings and remains one of the lowest Council Tax rates in Wales and the UK.

- The Council supports those eligible for financial assistance with their Council Tax bill. Households suffering financial challenges would not pay this increase as the Council Tax Reduction Scheme still supports them.

- Therefore, those who could not afford this increase would continue to receive help with paying their Council Tax.
- The Leader advised residents to look beyond the headline percentage change as it could be misleading. Those who required help with their bill continued to receive support. The increase also protects essential services to the most vulnerable.

Because of the increased core settlement funding and to a lesser extent, Council Tax funding increases, some services are protected and developed. These are:

- Protection of the school budget, with no savings requirements from school budgets next year. An investment of £9.5m into budgets next year and £24m over the Medium-Term Financial Plan (MTFP) period in teachers cost increases and growth in pupil numbers and schools.

- Continued funding of social care commissioning budgets to pay at least the 'living wage' to employees. This provides support to this sector, ensuring the most vulnerable are supported.

- Investment in a new budget to accelerate the Council's carbon reduction by creating match funding to use alongside Welsh Government funding for these projects.

- Continued investment in support for those with the greatest need in the community. Investment of nearly £400k for additional learning needs provision, £600k for homelessness provision and over £3m in children and adult social care budgets to increased provision.

There is still a budget gap to resolve, and the report set out these savings. The vast majority would not impact on service provision and are delegated for implementation by Heads of Service and Directors.

Lastly, the medium-term funding outlook is uncertain and likely to be challenging. Welsh Government could not forecast receiving a sufficient increase in its own budgets and was therefore unable to pass that on to Local Government, the NHS, and other vital public services here in Wales.

Comments of Cabinet Members:

- Councillor Davies highlighted to colleagues that the report showed a far better position than this time last year.

  The financial pressures of inflation, increasing staffing costs, labour shortages and increasing demand for services continued and accounted for almost £56m or 76% of total investment which would be required over the next three years.

  In education, additional funding amounting to £9.5m to cover pay awards and the costs of managing the increasing pupil number is necessary, with this amounting to £24m over the next three years.

  Councillor Davies supported the proposed budget savings and welcomed the consultation due to be launched.

- Councillor Clarke reflected that Cabinet Members and Councillors were also residents and had to make the right decisions for all. The views of Newport residents are important, and Councillor Clarke urged residents to get involved in the consultation. Councillor Clarke supported the report as it is essential that a balanced budget is met.

- Councillor Forsey referred to adults having aging carers that could not support them and reflected that the Council was there to help people in these difficult situations.

- The Leader thanked all service areas for their support in providing a balanced budget as well as the finance team for their hard work in preparing the report and budget.

Decision:

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

i) Budget savings proposals in Appendix 2 (summary table) and Appendix 10 (detailed proposals).

ii) A Council Tax increase of 8.5%, a weekly increase of £1.50 - £2.01 for properties in Band A to C, the most common bands in Newport, as set out in paragraph 3.8.

iii) Proposed fees and charges in Appendix 5.

iv) The budget investments shown in Appendix 1, including those for schools.

2. Cabinet approved:

v) Implementation of the delegated decisions in Appendix 3 (summary table) and Appendix 11 (detailed proposals) by Heads of Service with immediate effect, following the usual Council decision-making processes.

3. Cabinet noted:

vi) The position on developing a balanced budget for 2024/25, noting that the position was subject to ongoing review and updates between now and February Cabinet, when the final budget was agreed.

vii) The current position in the development of a ‘Transformation Plan’ for the Council and the Head of Finance comments on the importance of that in relation to the medium/long term budget challenge and contributing to sustainable financial footing for services.

viii) Further work is required to specifically review and manage the financial impacts of some key risks coming out of the draft settlement for 2024/25.

5 November Revenue Budget Monitor

The Leader presented the report, which explained the current forecast position on the Council's revenue budget and the financial risks and opportunities that presented themselves within the November update.

This was the third revenue monitor presented to Cabinet this financial year and reflected an underspend of £2.523m, which is a £1m reduction on the September figures. The change is mainly due to increased costs in relation to homelessness and temporary accommodation.

This position considered the contingency budget and the anticipated in-year underspend against capital financing budgets.

Whilst an overall underspend is projected, it should be noted that service areas are collectively forecast to overspend by £4.7m, excluding schools.

This update provided confirmation that some of the known risks, as at the start of the year, had materialised and were causing significant overspend, especially within Children's Services and Housing. As anticipated, however, it was currently proving possible to offset service area overspends with the general contingency and underspends within capital financing.

The key variances contained within the overall position included:

(i) Increased demand across key social care areas including children's out of area and emergency placements. These two areas alone contributed an overspend of almost £3.9m to the overall service position.

(ii) Increased demand within adults residential and non-residential service also contributed £1.5m to the overall service position. This, however, was offset by the overachievement of community care income as a result of an increased number of users contributing to their care.

(iii) Significant pressures were evident within Housing and Communities, in relation to homelessness. Despite the Council allocating a significant budget increase for 2023/24, to address the ongoing impact of the overspend incurred last year, costs further increased and an overspend of £2.4m is projected. This area saw a significant increase in costs over the last two years, following the Welsh Government's policy aim to dramatically reduce homelessness. This policy led to an unprecedented upturn in demand for temporary accommodation, for which the costs were not fully covered by service user contributions or housing benefit, leaving the Council to incur the net cost.

The Leader noted that the Chancellor for the UK Government made an announcement in his Autumn Statement regarding financial support in terms of Local Housing Allowance.

Demand for housing and homelessness services are at unprecedented levels due to the cost-of-living crisis, continued austerity, the expansion of statutory homelessness duties and, most recently, the Home Office Streamlined Asylum Process.

High demand, coupled with low supply of accommodation in the social and private rented sector, meant that the Council was reliant on expensive forms of temporary accommodation such as bed and breakfasts, high street hotels and specialist temporary accommodation providers. In context, the shortfall for a family with a two-bed need in a hotel was £65 per night or the equivalent of c.£23k per year. Further to this, the Council was required to employ additional staff to meet its expanded statutory duties and currently runs accommodation with security for people with complex needs due to the lack of supported housing in the city.

(iv) There were forecasted underspends against non-service budgets, specifically the general contingency and capital financing. Savings in these areas, as set out within the report, were more than offsetting the net service area overspends, resulting in an overall underspend for the whole Council.

(v) There was an anticipated shortfall against the delivery of 2023/24 and prior year savings of over £1.1m. The two services responsible for the majority of the shortfall were Adult Services and Housing and Communities. Within Housing and Communities, it has not been possible to evidence achievement of this saving, especially given the overall overspend in this area. Within Adult Services, whilst some proposals are proving difficult to currently achieve, it was hoped that ultimately it would be possible to deliver these in full.

As school variances are managed through individual schools' balances, the overall underspend of £2.5m does not include the schools' position. Schools are collectively forecasting an overspend against budget of £4.6m which would see balances reduce from £14.4m to £9.8m by the end of the financial year.

Considering the significant level of savings that schools need to deliver during 2023/24 and the level of recurring expenditure included within the £4.6m overspend (which amounted to circa £2.3m), officers continued to closely monitor school balances over the medium term as part of the Council's deficit avoidance and prevention strategy.

Whilst the financial year is in its final quarter, the risk that the position could worsen between now and March remains. These risks mainly relate to demand-led services, which are volatile in nature and could result in costs increasing very rapidly, as evidenced by the recent increase in the Housing overspend.

Considering the risk that this position could change, efforts continued to be made to mitigate overspending within service areas to bring the service area position back towards a balanced position by the end of the year.

Part of the reason for ensuring an underspend was achieved is because of the current constraints upon capital resources and the Transformation Fund. A revenue budget underspend is one way of assisting with this challenge.

Comments of Cabinet Members:

- Councillor Davies referred to the overspend in school reserves which reduced to £4.6m. There was a risk that certain schools might set a deficit budget, support was being provided to ensure this did not happen. Many schools where reserves are depleted are at risk of setting a deficit budget in coming financial years.

- Councillor Batrouni mentioned that the report and the previous item showed that people wanted to work and live in Newport, with growing pressures on schools, adult services, and housing reflecting that demand.

Decision:

That Cabinet

- Noted the overall budget forecast position outlined within this report, which was comprised of service area overspending, offset by underspends against non-service budgets.
- Noted the risks identified throughout the report and in the Head of Finance comments, such as in relation to demand issues being faced.
- Noted the overall shortfall in the delivery of savings accepted as part of the 2023/24 revenue budget.
- Noted the forecasted movements in reserves.
- Noted the overall position in relation to schools' budgets, acknowledging the risk that some individual deficit positions could emerge by the end of the financial year.

6 **Capital Programme Monitoring and Additions Report - November 2023**

The Leader presented to Cabinet colleagues the Capital Programme monitoring and additions report for November 2023. This was the third monitoring report of the year on capital activity and provided an overview of the updated capital programme, alongside the projected outturn position as of November of this year. The report provided an update on the level of available capital headroom, detailed the additions to the programme that were identified and sought Cabinet's approval for these additions.

The first section outlined the movement in the capital budget since the last report was presented to Cabinet in September.

The net value of additions and amendments to the current capital programme in 2023/24 since then was £3m, and a breakdown of these additions was given in Appendix A. The majority of the new additions were being funded via external grants.

As a result of these additions as of November 2023, the current budget for 2023/24 was now £93.2m, which is substantial and challenging to deliver in full.

The report also outlined the level of slippage being forecast against the revised £93.2m budget.
A variance of circa £9.6m was being projected, the majority of which related to slippage, with the balance relating to net underspends.

The slippage being forecasted was largely down to issues encountered in relation to a handful of large schemes, with the full breakdown of slippage available in Appendix B.

The report noted that these figures were subject to continual review and may change between now and the end of the financial year.

At this stage of the year, Cabinet was asked to note the level of slippage, with approval only being sought at the end of the year as part of the outturn report.

The report also detailed the level of capital headroom currently available, which could be used to support new schemes and emerging priorities.

This now stood at £8.259m, and there were no changes to the headroom since September's monitoring report.

Whilst the level of available headroom is higher than it was a year ago, it was noted that if a few significant issues arose then this would be consumed. The Council is able to respond to critical issues, as and when they emerged. This required tight control and the clear prioritisation of only the most pressing and urgent issues.

Any opportunity to further increase the headroom should be taken, to make it possible to ensure sufficient funding exists to respond to any issues that arose.

Regular update reports include information on the Council's compliance with its prudential and treasury management indicators. Appendix D illustrates that the Council complied with all of its indicators, as of 30 November 2023.

Comments of Cabinet Members:

- Councillor Davies noted the reference to the Additional Learning Needs (ALN) grant funding received from Welsh Government. Monies were allocated to a number of schools to improve provision, with £510,000 being allocated to Maes Ebbw to replace and upgrade the outdoor play and learning facilities and upgrading some of the toilets. As Cabinet Member for Education and Early Years, Councillor Davies saw the necessity in making these improvements and was pleased with this funding allocation which would have a positive impact on learning and well-being within the school.

  £100,000 was allocated to Ysgol Bryn Derw for the Kimberley Nursery School site and a proportion of which would improve outdoor play facilities.

- Councillor Batrouni thanked Councillor Davies as a governor of Maes Ebbw School For listening to head teachers, teachers, parents, and children.
- The Leader thanked the finance team for their work regarding the reports prepared for Cabinet.

Decision:

That Cabinet

1. Noted the predicated capital expenditure outturn position for 2023/24
2. Noted the amendments to the capital programme
3. Noted the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.
4. Noted the inclusion of the Treasury Management prudential indicators, included within the report.

7 **Council Tax Premiums**

The Leader presented the Council Tax Premium report which deals with long-term empty and second homes in Newport and the possibility of introducing Council Tax premiums on these properties. The other reports considered by the Cabinet today highlighted the consequences of the increasing demand for housing and the shortage of available housing stock.

The impacts are both 'financial' on the costs the Council incur in short-term homelessness accommodation, and also 'societal' for the individuals and families affected.

In addition to a general lack of available housing, Newport had a large number of unoccupied properties that remained persistently high: Council Tax premiums, if introduced, would encourage owners to take steps to bring their properties back into use.

In November Cabinet was asked to agree that a public consultation exercise be undertaken on introducing Council Tax premiums and this report provided the results of that consultation.

There were 470 responses to the consultation and the findings show that more than 75% of respondents agreed that Newport City Council should take steps to encourage owners to bring properties back into use: nearly 60% agreed with the introduction of a 'premium' to achieve this.

Although second homes are fewer in number, a consistent approach should be taken for these underused properties. Therefore, the report includes recommendations to adopt Council Tax premiums in Newport, for both second homes and long-term empty properties.

The legislation provided some exceptions that prevented a premium being charged in some circumstances. Following feedback from the consultation and to address stakeholders' concerns, some additional limited 'local' exceptions were also recommended.

If the recommendations of this report were agreed, the matter would be taken forward to Council for a final decision to be made. If agreed there, they would be implemented on 1 April of this year.

Comments of Cabinet Members:

- Councillor Clarke thanked those who took part in the consultation process and referred to the housing crisis throughout the UK, the Council Tax premiums would therefore help. The Consultation set out what the premium should be with a 100% premium receiving the most positive response.

- Councillor Davies mentioned that there was a housing crisis, with over nine thousand residents on the housing register in Newport alone. There was a disconnect when considering there were 2565 empty properties within Newport boundaries. Councillor Davies supported this proposal being taken to full Council and, if adopted, it would be part of a tool kit used by Newport City Council to increase the availability of housing stock in the city.

- Councillor Harvey stated that officers worked hard seeking accommodation for residents and families that needed emergency accommodation. Councillor Harvey supported the report.

- Councillor Hughes referred to similar issues in North Wales and considered that Newport came to a sensible settlement with a premium figure at the lower end to encourage landlords to do something to improve these properties to put back into use when they were most needed.

Decision:

Cabinet considered the results of the consultation and recommended the introduction of Council Tax premiums to Council in line with the preferred option shown within the report.

8 **Mid-Year Assessment Report 2023/24**

The Leader provided an update on the performance of service areas against their 2023/24 service plans.

Last year, Newport City Council launched its Corporate Plan 2022-27. Each service area developed their service plan outlining their contribution towards the delivery of the Corporate Plan and the Council's strategic priorities.

This report is a self-reflection and summary of their performance for the first six months of this financial year (1 April to 30 September 2023).

Each service area presented their updates to the Council's Performance Scrutiny Committees (People Performance Scrutiny Committee and Place and Corporate Scrutiny Committee).

The feedback and recommendations of the Performance Scrutiny Committees was included in the report for Cabinet and the Council's senior leadership team to consider.

Overall, the service areas reported positive progress against 37 out of 43 objectives with only six objectives reporting an 'Amber' requiring improvement update.

61 (53%) of performance measures were achieving or succeeding against their targets.

14 (12%) performance measures were reported as being short of achieving their target and 9 (8%) measures were reported as Red and underperforming.

Cabinet remained committed to supporting service areas to improve on the areas of underperforming but also to celebrate and recognise the achievements of service areas considering the pressures faced by many services.

The report also included examples of where services were making a difference for residents and the case studies reflected the dedication and hard work of staff to support some of the most vulnerable and disadvantaged people in Newport and continued to improve the city.

<u>Comments of Cabinet Members:</u>

- Councillor Davies thanked the Performance Scrutiny Committee – People and officers for the work undertaken to effectively review the mid-year education service plan and mentioned the highlights which were worthwhile noting and celebrating.
  No schools in Newport were in special measures and Estyn highlighted a good number which excelled and were asked to write best practice reports.

  Newport completed the universal roll out of Free School Meals for all primary school children, ahead of most local authorities in Wales. Since September, all children in junior and foundation phases were able to access a hot meal whilst in school.

  Councillor Davies thanked head teachers and staff for these outstanding achievements, along with officers and the staff in Chartwells who worked hard to make this happen.

Decision:

Cabinet agreed the Mid-year assessment report of service area performance.

9 **People Plan 2023-2028**

The Leader introduced the Council's new People Plan for 2023/2028 to Cabinet.

Following the development of the Corporate Plan in 2022, a number of critical plans were developed, such as the Digital Strategy and next year, the new Strategic Equality Plan.

The People Plan would help to attract, develop, and retain the workforce needed to deliver on aspirations. The workforce remains the Council's most valuable asset, and this plan aims to set out people priorities.

The development of the People Plan themes commenced in mid-2023 with engagement with staff, managers, and trade unions. Four strategic themes emerged through extensive engagement with stakeholders, which were:

- **Representation and Transformation** - ensuring workforce was more representative of the city, whilst enabling a transformational and forward-thinking workforce.

- **Employee Wellbeing** – supporting the wellbeing of staff contributing to creating a positive working environment.

- **Employee Engagement** – developing staff engagement, creating commitment and high performance, embedding values and a willingness to deliver for citizens.

- **Employee Experience** - developing as an employer of choice and supporting recruitment and retention.

The People Plan document included within the report outlines these four themes and a plan for the workforce over its lifecycle. The plan also provides insight into the positive actions supporting the delivery, and noting the work with employees to develop new staff values which would be launched alongside the plan.

The Leader paid her own personal tribute to the Chief Executive for her contribution to the transformation of the Council and noted she was an outstanding leader with regard to transformation. The Leader also thanked the team involved. It was important to the organisational culture and to the work experience of all employees across the whole organisation. The Leader also took the opportunity to thank Councillor Batrouni, as Cabinet Member for Organisational Transformation.

Comments of Cabinet Members:

- Councillor Batrouni echoed the thanks of the Leader and reflected that staff were critical to the success of the city and do a sterling job. There are difficult times ahead and this document is part of the journey to give staff the right skill sets to deliver to residents now and in the future.

- Councillor Davies was pleased to support the adoption of the People Plan as a supportive document where health and wellbeing were clearly prioritised. It was vital that not only did Newport City Council attract highly motivated and skilled individuals who wanted to work for Newport City Council, but importantly that the Council retained them. Going forward it was important that the plan achieved these objectives, and it was reassuring to see there was already a clear action plan in place.

- Councillor Hughes mentioned that retention of staff in social services was a difficult area and wanted to reassure staff that their wellbeing was taken very seriously, and their hard work was appreciated.

Decision:

Cabinet reviewed the People Plan and agreed its adoption.

10 **Quarter 2 2023/24 Corporate Risk Register Update**

The Leader presented an update on the Council's Corporate Risk Register for the end of Quarter 2 (1 June to 30 September 2023).

The Risk Management Policy and Corporate Risk Register enabled the administration and officers to effectively identify, manage and monitor those risks which could prevent the achievement of strategic priorities and undertake statutory duties as a local authority.

The Quarter 2 risk report was presented to the Council's Governance and Audit Committee in November 2023 and there were no recommendations or feedback required for Cabinet to consider.

At the end of Quarter 2, the Council had 43 risks recorded across the Council's eleven service areas.

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

At the end of Quarter 2, 15 risks were recorded in the Corporate Risk Register.

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

In comparison to the Quarter 1 corporate risk register, one risk (Newport Council's Property Estate) increased risk score from 16 to 20, and one risk score, Stability of Social Services providers, improved with the risk score reducing from 20 to 16.

The remaining 14 risks were reported with the same risk score as quarter one.

Comments of Cabinet Members:

- Councillor Hughes highlighted the improvements with regard to the vulnerabilities in the external provider sector, which was being hit hard by the cost-of-living crisis and services. Teams recruited new managers and were redesigning their structures and strengthening their resilience to continue to deliver a high level of service to vulnerable residents.

Decision:

Cabinet considered the contents of the quarter 2 update of the Corporate Risk Register.

11 **NCC External Pressures - Cost of Living**

The last report presented by the Leader provided an update on the external pressures facing the Council. Moving into 2024, the impact of the cost-of-living crisis and the pressures on housing and homelessness services continued to be felt. This monthly update is important to discuss issues arising from external pressures and highlighted opportunities for residents.

Collaboration with partners and communities during these challenging times remained vital in supporting those in need.

Working with the Institute of Health Equity as a Marmot region, Cabinet was aware that the impact of poverty was wide-ranging.

Helping school communities better understand poverty, its impact on learning and how they can be reduced or removed is a key part of the Education Services Poverty Strategy.

In Newport, the lead reason for homelessness continues to be due to loss of rented accommodation and rising rent costs had the potential to further increase the demand on housing and homelessness services.

The increase of the Local Housing Allowance cap to the thirtieth percentile from April 2024 was welcomed but with the wider pressures on the Private Rented Sector in Newport, the impact of these changes remained to be seen.

The Leader took the opportunity to urge residents experiencing difficulties to contact the Council for information with signposting on the advice and support available, in person, by phone or by visiting support and advice pages on the Council's website.

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It was encouraging to see the newly appointed Cost of Living Advisors collaborating with internal officers, including education colleagues, and partner agencies to provide advice, guidance, and support to residents across the city, with events and road shows already planned for 2024.

To support some of the more vulnerable citizens during the winter months, the Council collaborated with partners and established a network of temporary spaces which could be used under the Severe Weather Emergency Protocol (SWEP), providing shelter for people sleeping rough.

The Leader of the Council and Chair of OneNewport, continued to advocate for partnership working as being fundamental in supporting residents and businesses and once again, encouraged anybody in need to access the support available to them. The Leader also highlighted the availability of grant funding for warm hubs within community groups and those interested could contact GAVO for further information.

Comments of Cabinet Members:

- Councillor Harvey agreed with the Leader that it was important to review this report on a monthly basis and Harvey mentioned those residents and families suffering from mental health issues due to the cost-of-living crisis. Councillor Harvey also thanked staff for their support of residents.

- Councillor Davies thanked officers within the education team for joining forces with the community team to deliver the anti-poverty roadshows in schools. The linked-up approach was welcomed and made a difference and was ongoing. The provision of benefit advice, financial advice along with support regarding uniform as well as other agencies attending with support and advice on well-being made a difference.

- Councillor Forsey referred to housing pressures and in the past year as a councillor, had received more requests from residents for housing than over the past three years. Councillor Forsey also wanted to thank the housing department who kept families in their houses by way of preventative measures for families not to lose their homes.

- Councillor Clarke thanked the homelessness team and Helen James, the Rough Sleeper Co-ordinator. Staff were out during early hours over the Christmas period delivering breakfasts and talking with homeless people, providing advice and guidance. Councillor Clarke also thanked officer regarding their work on Severe Weather Emergency Protocol (SWEP) provision. Councillor Clarke thanked all the teams within Newport City Council for their work over Christmas.

- The Leader thanked all cabinet colleagues for their continued support for their residents.

Decision:

Cabinet to consider the contents of the report on the Council's activity to respond to the external factors on Newport's communities, businesses, and Council services.

12 **One Newport Summary Document (for information/awareness)**

The Leader noted the One Newport summary document which is included for our awareness.

The document provides updates from the One Newport Partnership, such as updates on the Gwent PSB, Newport's Local Action Plan, the Integrated Well-being Network and Age Friendly Communities.

The Leader took the opportunity to thank partners for their contributions.

13 **Work Programme**

This was the regular monthly report on the Work Programme.

Decision:

Cabinet agreed the Work Programme.

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Report

Cabinet

Part 1

Date: 14 February 2024

Subject **2024/25 Capital Strategy and Treasury Management Strategy**

Purpose The purpose of this report is to present to Cabinet the Capital and Treasury Management Strategies, following consideration by Governance & Audit Committee, before recommending these strategies to Council for approval. The report summarises the key aspects of both strategies, as well as highlighting the main implications and risks arising from them, which are brought to Cabinet's attention for review. The report also includes the proposed Capital Programme, which Cabinet are required to approve.

Author Assistant Head of Finance

Ward General

Summary As set out within the Corporate Plan, the Council has ambitious plans for the city, with the Capital Programme a key enabler in delivering this ambition. The current programme runs from 2023/24 to 2027/28. In line with the rolling programme management approach, the next iteration of the five-year programme will run from 2024/25 to 2028/29. The next iteration of the programme will predominantly comprise of annual recurring allocations and a number of ongoing schemes from the existing programme.

This report includes both the Capital and Treasury Management Strategies which, at their core, (i) confirm the Capital Programme, as part of the Capital Strategy and (ii) the borrowing limits and other indicators which govern the management of the Council's borrowing and investing activities, as part of the Treasury Management Strategy.

The Capital Strategy also sets out the long-term context (10 years) in which capital decisions are made. It demonstrates that the Council's approach to taking capital and investment decisions is in line with service objectives, whilst giving consideration to risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to stewardship of public funds, value for money, prudence, sustainability and affordability.

The capital plans of the authority are inherently linked with the treasury management activities it undertakes and, therefore, the Treasury Management Strategy is included alongside the Capital Strategy.

The main recommendations arising from the two strategies are outlined in this covering report.

Proposal That Cabinet recommends to Council for approval:

- The Capital Strategy (Appendix 2), including the proposed Capital Programme within it (shown separately in Appendix 1), and the borrowing requirements/limits needed to deliver the proposed programme.

- The Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy and the Minimum Revenue Provision (MRP) policy for 2024/25. (Appendix 3)

- As part of the above:

    - To approve the proposed Capital Programme, subject to Council approving the necessary borrowing limits that underpin this.

    - To note the increasing debt, and corresponding revenue cost of this, in delivering the rolling Capital Programme, and the implications of this over both the short and medium-long term with regard to affordability, prudence and sustainability.

    - To note the Head of Finance comments that borrowing needs to be limited to the extent that it stabilises the Capital Financing Requirement, and does not add pressure to the Council's Medium Term Financial Plan, and the recommended prudential indicators on borrowing limits to achieve this.

    - To note the feedback provided by the Governance & Audit Committee on 25th January 2024 (paragraph 8).

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Leader of the Council
- Chief Executive
- Strategic Directors
- The Council's Treasury Advisors
- Governance & Audit Committee

Signed

Background

Governance and requirement of councils

1. In November 2022, the Cabinet approved the Council's new Corporate Plan, which set out how it would achieve the ambition of an *Ambitious, Fairer, Greener Newport for everyone*. This mission is underpinned by four wellbeing objectives and supported by a transformation plan. Achievement of the four wellbeing objectives will be pursued via a series of actions and individual service plans. In some instances, these actions will involve activity and projects of a capital nature.

2. Whilst Cabinet makes decisions regarding the capital projects to be included in the programme, it is full Council that approves the borrowing limits that the overall programme must remain within. Many projects are funded from capital grants, capital receipts and specific reserves, which do not impact on borrowing levels, but, where borrowing is required, it is important that those limits are not exceeded. This is an important area of overall financial management governance in that debt funded capital expenditure, and the external borrowing that results, lock the Council in to a long-term liability for the associated revenue costs. These costs, known as 'Capital Financing Costs' are comprised of the external loan interest costs and the provision for financing the debt funded capital expenditure, known as Minimum Revenue Provision (MRP).

3. As in previous years, the Council continues to work within a constrained financial situation. This is particularly evident within the revenue budget, where high inflation and increasing demand for services has created significant budget pressure, but also within the capital budget and programme. This is evidenced by the relatively low level of capital resources available, considering the demand for capital resources, and the fact that the existing capital programme does not contain any provision for expenditure funded through new borrowing. The constraint on the availability of capital resources has been heightened by the high interest rate environment which, in effect, means that the Council's capital financing budget, which forms part of the overall revenue budget, does not stretch as far, due to more of it having to be used to meet external interest costs. Whilst interest rates appear to have now settled, and may start to reduce, they are still much higher than in recent years and will continue to limit the amount of new borrowing that can be committed to.

4. In light of the scarcity of capital resources, but ever-present demand for them, the Council has taken steps to strengthen its capital programme governance arrangements, by introducing a Capital Assurance Group (CAG). The CAG is comprised of senior officers, who periodically review the delivery of the capital programme and hold Heads of Service to account, where delays in delivery or rising costs of schemes are being experienced. Through this new arrangement, it is hoped that the levels of slippage seen in previous years will be reduced, thus reducing the risk that unnecessary external borrowing will be undertaken. As well as this, the group is also responsible for undertaking the initial review of new capital bids, both internally and externally funded, prior to formal consideration by Cabinet. This process will ensure that the Council's overall capital programme remains manageable by not committing to an undeliverable number of schemes, but also that Council capital resources are only committed to the highest priorities.

5. In addition to the continuation of a challenging financial environment, the introduction of a new accounting standard, IFRS16 Leases, will impact upon the Capital and Treasury Management Strategy. This standard will take effect from 1st April 2024 and will require all councils to treat leasing arrangements as capital expenditure, rather than revenue expenditure. As a result of this, the previous revenue cost of leasing arrangements, met from service area budgets, will be replaced by an MRP charge. Overall, in broad terms, this change is expected to have a neutral financial impact, as the charges against the revenue budget will be of equivalent value to current leasing charges. However, by treating the full cost of the lease as capital expenditure, it will increase the Council's Capital Financing Requirement (CFR) and impact upon the prudential indicators, especially the Operational Boundary and Authorised Limit. The estimated financial impact of this change is reflected throughout the report and the figures contained within it.

6. The key governance documents that underpin this area of local authority finances are:

Capital Strategy

This, at its core:

i) Sets out the long-term context (10 years) in which capital decisions are made and includes the medium-term Capital Programme;

ii) Demonstrates that the local authority takes capital / investments decisions in line with service objectives, giving consideration to risk, reward and impact;

iii) Shows how the Council takes account of stewardship of public funds, value for money and affordability, sustainability and prudence in its decisions and plans.

Treasury Management Strategy

This, at its core:

(i) Sets out the Council's longer term borrowing requirement and approach, which is driven mainly by the Capital Programme requirements and, in Newport specifically, the reducing 'internal borrowing' capacity;

(ii) Outlines how the Council will manage and invest any surplus cash;

(iii) Includes additional guidance, namely the Welsh Government Investment Guidance and the MRP Policy.

Both these strategies are a requirement of CIPFA's Prudential Code, which ensures, within the frameworks that these documents set, and a suite of prudential indicators, that capital expenditure plans are:

- **Affordable –** there must be sufficient resources to be able to meet the capital financing consequence of debt-funded capital expenditure within the overall revenue budget. There must also be sufficient capital resources for any non-debt funded capital expenditure. In addition, total capital expenditure is to be within **sustainable** limits. Councils are required to consider their current and estimated future resources available, together with the totality of their capital expenditure and income forecasts in assessing affordability.

- **Prudent –** it is important that whilst capital expenditure and capital financing costs are affordable, they are also proportionate. I.e. it is important that an appropriate proportion of the revenue budget is allocated for the purpose of financing past capital expenditure and that this is **sustainable**. Consideration as to overall financial **sustainability** is a key aspect to this. The operational borrowing limit should provide for the most likely level of borrowing, not the worst case, with the authorised limit providing sufficient headroom to enable day to day cash management. There should be alignment with the treasury management policy statement and practices and investing activities should strike an appropriate balance between security, liquidity and yield, in that order.

- **Sustainable –** sustainability is a key theme when considering both affordability and prudence and is something that should be assessed in terms of the long-term financial picture.

7. The Capital Strategy and Treasury Management Strategy are inherently linked and the main recommendations and observations arising from these are summarised in the following sections. In light of the requirement for full Council to ultimately provide approval of these strategies, the Governance & Audit Committee were asked to review and provide comments on both strategies, and the limits and prudential indicators contained within them, as necessary, to enable Cabinet, and then Council, to appropriately consider and then approve each strategy as required.

8. The report was considered by Governance & Audit Committee on 25th January 2024. There were no significant comments or observations raised and the committee were content to endorse the strategies for onward consideration by Cabinet and then Council, as they were satisfied that the proposed strategies adequately addressed the question of affordability.

Capital Strategy 2024/25 to 2034/35

Capital Programme to 2028/29

9. The Council's current capital programme, which covers the period 2023/24 to 2027/28, amounts to £248m, with £93m allocated in 2023/24 alone. Current forecasts suggest slippage £9m against this financial year, which will be transferred into future years. As mentioned previously, the current programme includes a very limited amount of borrowing headroom, due to the funding challenges already outlined over the medium-term period. However, whilst borrowing headroom is limited, some capital headroom exists via the Capital Expenditure Reserve and Capital Receipts Reserve and can be used to meet the costs of new schemes or the increasing costs of existing schemes.

10. The proposed programme for the period covering 2024/25 to 2028/29 largely comprises ongoing or previously approved schemes, including slippage from 2023/24, as well as annual sums for activities such as asset maintenance and fleet renewal. However, whilst the current programme only includes a limited amount of approved borrowing headroom, the new programme does, indicatively, reflect the potential for new borrowing capacity from 2027/28 onwards, amounting to £7m per year. These new allocations will only be approved closer to the years in question, once it is clear that they are affordable, prudent and sustainable. However, their inclusion does allow for some preliminary planning to take place around potential future schemes. Because of the high level of slippage forecasted in 2023/24, it means that the new programme will still be significant in scale and, because of this, remains a challenge in terms of deliverability.

11. The proposed programme is set out in the table that follows. It shows a total programme of £125.6m, comprising annual sums of £30.5m and ongoing schemes totalling £80.0m. Borrowing headroom stands at £15.057m, comprising £57k of unallocated existing headroom, £1m of existing headroom that is ringfenced specifically in relation to the Council's Levelling Up bid and £14m of indicative future borrowing. Significant schemes included within the proposed programme include the completion of the Council's Sustainable Communities for Learning Band B programme, the new leisure and wellbeing provision, the Transporter Bridge refurbishment and the Council's contribution towards the Cardiff Capital Region City Deal (CCRCD). The total value of the programme in 2024/25 stands at £66.2m, which is significantly more than has been spent in previous years and could be a challenge to deliver without any slippage occurring. It should be noted that the Council will be required to meet CCRCD beyond 2028/29. These previously approved commitments will represent the first call upon any new borrowing capacity.

Table 1: Prudential Indicator: Estimates of Capital Expenditure and Capital Financing in £ millions

	5-YEAR CAPITAL PROGRAMME					Total programme
	2024/25 Budget £m	2025/26 Indicative £m	2026/27 Indicative £m	2027/28 Indicative £m	2028/29 Indicative £m	£m
Annual Sums	7.4	5.8	5.8	5.8	5.8	**30.5**
Ongoing Schemes	58.7	17.2	2.9	0.0	1.1	**80.0**
Uncommitted borrowing*	0.0	1.1	0.0	7.0	7.0	**15.1**
TOTAL EXPENDITURE	**66.2**	**24.1**	**8.7**	**12.8**	**13.9**	**125.6**

Affordable borrowing limit

12. Capital Expenditure funded by debt increases the need to undertake external borrowing, unless it is possible to bridge this need via 'internal borrowing', which is the use of existing cash resources which are underpinned by the overall level of earmarked reserves. As the capacity to internally borrow reduces, as reserves are utilised as intended, the need for external borrowing increases. This is particularly the case for this Council, which has had a high level of internal borrowing in the past, but is now seeing that capacity reducing over the medium-long term. Because of this, coupled with an increased level of unfunded capital expenditure, the Council is committed to be a net borrower for the long term. To ensure this borrowing is affordable and sustainable, Council is required to set an affordable borrowing limit each year.

13. The affordable borrowing limit, also termed the 'Authorised Limit' for external debt, is the absolute maximum amount of borrowing that can be undertaken, in order to manage the overall, day to day, cash requirements of the Council. It also allows for a level of borrowing in advance of need to be undertaken, where appropriate and affordable. In addition, the Council needs to set an 'Operational Boundary', which is the expected level of borrowing required to finance the current Capital Programme. Any increase required to the Operational Boundary needs to be approved by full Council.

Table 2: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit
Authorised limit – borrowing	246	251	248	238
Authorised limit – PFI and leases	39	51	49	47
Authorised limit – total external debt	**285**	**302**	**297**	**285**
Operational boundary – borrowing	150	157	161	155
Operational boundary – PFI and leases	39	51	49	47
Operational boundary – total external debt	**189**	**208**	**210**	**202**

14. Over the medium term, it is anticipated that the level of borrowing required to facilitate the capital programme will be substantial. As outlined in Table 2, it is projected that long-term borrowing will reach £161m, excluding PFIs, compared with the £135.6m that is currently held. It can also be seen that there is a significant difference between the Authorised Limit and the Operational Boundary. This is because of the level of internal borrowing available, underpinned by the level of cash backed reserves, which have increased significantly over recent years. However, the level of reserves will reduce over the medium-long term, in particular the PFI reserves, and, therefore, it will become necessary to undertake external borrowing in lieu of this reducing capacity. This will have a revenue impact because of the interest costs that will be incurred as a result of the external borrowing,

compared to the lower cost of internal borrowing, which, in essence, is represented by interest income foregone.

15. It should be noted that the two limits described above only place a theoretical limit on borrowing that can be undertaken to fund new capital expenditure. This is particularly relevant where there is evidence of slippage occurring across the programme. As a consequence, in theory, additional borrowing could be undertaken over and above that budgeted in the existing Capital Programme, because the slippage means that the operational boundary, for example, would not be reached. This would present a risk that, ultimately, the cumulative level of borrowing could exceed that which is deemed affordable. Therefore, to ensure a measure of control on borrowing undertaken to fund new capital expenditure, a local indicator was introduced for 2022/23, which is directly linked to the level of borrowing headroom within the Capital Programme. The limit amounts to only £1.057m in 2024/25, with only £57,000 not earmarked already, and will apply until the new borrowing headroom is formally agreed.

16. The commitment to increase external borrowing leads to increasing capital financing costs. Because the financial impact of the current borrowing commitments was funded up front in the 2021/22 revenue budget, the existing revenue budget is already sufficient. The current and planned future budgets are set out in Table 3, below. The table also shows the value of capital financing costs as a proportion of the total revenue budget. The percentages quoted are lower than in previous years, largely because of the capital financing budgets remaining stable at a time when the overall revenue budget is increasing, due to funding increases to cover pressures in key services. There remains uncertainty regarding local authority settlements beyond 2024/25 and, therefore, affordability of new borrowing and corresponding capital financing increases could remain a challenge.

Table 3: Capital Financing Budgets

	2024/25 budget	**2025/26 budget**	**2026/27 budget**	**2027/28 budget**	**2028/29 budget**
Provision for repayment of debt (MRP)*	10.0	10.8	10.8	10.8	10.8
Net interest cost	6.9	7.0	7.0	7.0	7.0
Total capital financing (exc PFI)	**16.9**	**17.8**	**17.8**	**17.8**	**17.8**
PFI & Leases	6.5	6.5	6.7	6.7	6.7
Total Financing costs* (£m)	**23.4**	**24.3**	**24.5**	**24.5**	**24.5**
Proportion of net revenue stream	5.9%	6.0%	6.0%	6.0%	6.0%

*includes charges direct to service areas

Longer term outlook

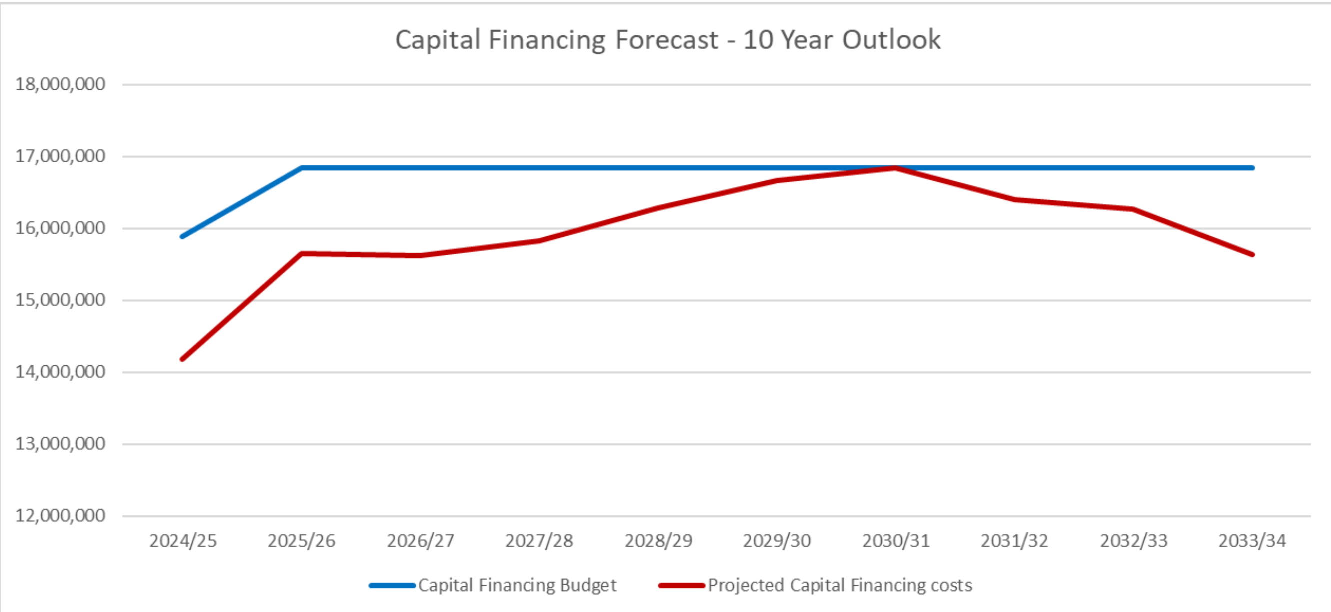
17. As well as considering the medium-term outlook, there is a need to look beyond this timeframe. This is particularly relevant when considering the long-term implications that capital financing decisions have. As outlined earlier, the overriding objective is to ensure that capital expenditure plans are affordable, prudent and sustainable, requiring a limit to be placed upon debt funded capital expenditure over that period. When looking longer term, the following points will need to be considered:

- the high level of forecast borrowing and corresponding higher level of capital financing cost over the next few years.

- the anticipated reduction in reserves and consequent capacity to be internally borrowed, requiring a continuing increase in external borrowing to replace it.
- the need to refinance existing maturing borrowing, which could incur a higher interest cost than currently being incurred.
- the Council's methodology for charging MRP, which realised a budget saving when changed in recent years, but which increases the charge each year from that point and will continue to do so going forward.
- the challenging medium-term outlook driven by inflationary pressures, increasing demand for services and external funding constraints.

18. In light of the points above, the proposed programme does not include any provision for new borrowing in the short to medium term. However, at the point at which the existing new borrowing commitments subside (2027/28 onwards), indicative new borrowing capacity totalling £7m per year is included. It is important to note that these allocations will remain indicative until the point at which there is comfort that such commitments would meet the test of being affordable, prudent and sustainable, which would not be possible until closer to the years in question. Current assumptions and calculations would suggest that new borrowing from 2027/28 would be affordable and this is demonstrated in the graph that follows. As well as this, it would also achieve the aim of stabilising the Capital Financing Requirement and reducing it over a sustained period of time.

Chart 1: Capital Financing Cost Forecast, excluding PFI



19. The above graph demonstrates the impact that the existing programme, coupled with new indicative borrowing capacity from 2027/28, has on the capital financing requirements, denoted by the sharp increase in costs over the short term. Beyond that, there is a levelling off before a more gradual increase over the middle years. There is then a drop-off, largely because of some current significant MRP commitments coming to an end. Whilst this could, theoretically, release budget to allow further borrowing to be undertaken, it wouldn't necessarily achieve the aim of stabilising the underlying need to borrow (CFR). Alternatively, any headroom created within the capital financing budget could be released as a budget saving for the purposes of assisting with balancing the revenue budget at that point in time.

Accountability and Responsibility for delivery of the Capital Programme

20. As outlined in the main strategy report, and capital monitoring reports throughout recent years, there has been a general challenge in relation to slippage. A part of this was caused by the COVID-19

pandemic, which led to delays in scheme delivery, amongst other challenges. However, there are also instances of other issues, such as overly optimistic profiling and a degree of placeholding each time a new programme is developed, which have had an impact. As a consequence of slippage, there is a risk that revenue budget is provided in advance of need and external borrowing is undertaken before required. This is an issue that has been recognised as needing addressing and, as a result, the Council has taken steps to introduce new governance arrangements with the aim of ensuring closer management and oversight of the Capital Programme.

21. To address this issue, a new Capital Assurance Group has been introduced, comprising senior management representatives and senior finance officers. This group provides assurance to the Council's Executive Board and, ultimately, Cabinet. It has a remit to scrutinise progress in scheme delivery and hold Heads of Service and Project Managers to account for the schemes for which they are responsible. The introduction of this group has not diminished the responsibilities of Cabinet, who remain responsible for approving the overall programme and subsequent additions and amendments, but should improve internal control and reduce the scale of slippage experienced in recent years. In addition, the group is responsible for reviewing new bids for capital resources, whether that be internal or external resources. By introducing this additional step in the process for securing capital resources, it is intended to ensure that only those schemes with a realistic prospect of being delivered, both within budget and timeframe, are added to the capital programme. This should result in a more manageable programme and, again, reduce the instances of slippage and overspending.

Treasury Management Strategy

22. The Council's detailed Treasury Management Strategy for 2024/25 and beyond is included as Appendix 3, as are the various treasury management indicators. Key points of interest are summarised below.

Borrowing Strategy

23. As outlined in earlier sections of this report, the Council is committed to being a net borrower over the life of the proposed Capital Programme. In particular, a significant increase in the need to borrow is being projected to the 2025/26 financial year. However, the Council's preferred strategy is to maximise the level of internal borrowing, facilitated by the level of cash-backed earmarked reserves held. Therefore, whilst the overall Capital Financing Requirement is set to increase, the need to undertake new borrowing will be deferred for as long as possible.

24. However, the capacity to internally borrow is planned to reduce over the medium to long term. In addition, some existing sizeable loans are due to mature within the next two years. These two factors, will mean that some new borrowing will be required simply to maintain the status quo, before considering any overall increase in the CFR. As well as this, in light of the Council's position as a committed long-term borrower, the decision could be taken to undertake borrowing in advance of need. This would only be done in consultation with the Council's treasury advisors and where it was felt to be appropriate, and affordable, in order to mitigate against future interest rate rises. This is especially relevant considering the known need to refinance existing loans by the end of 2024/25 and the relatively uncertain interest rate market.

25. When the need to undertake borrowing arises, the Council will need to give consideration as to the time period over which to borrow. The guiding principle will be to achieve a low, but certain cost of finance. This will generally mean long term borrowing, as this can provide certainty for periods of more than 50 years, if desired. However, there is currently little difference between long and short-term borrowing rates and, therefore, with there being potential for long-term borrowing interest rates to reduce over the medium term, the Council could decide to undertake a degree of short-term borrowing as a way of buying time before rates reduce. Also, this would achieve a more balanced borrowing portfolio, but also assist with mitigating the risk of locking into high long-term borrowing rates prior to rates dropping. Again, individual borrowing decisions would only be taken in

consultation with the Council's treasury advisors, but also whilst considering the maturity profile of the current borrowing portfolio, as well as overall affordability.

Investment Strategy

26. Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

27. In line with the intention originally outlined in the 2021/22 Capital Strategy, the Council has recently diversified its investment portfolio by investing £10m into a product known as covered bonds. These bonds have been committed to for periods of up to six years and, in doing so, has secured a reasonable yield, when compared to current interest rates, whilst ensuring the highest level of security available. By investing in these bonds, the Council has also ensured that it meets its MIFID II requirements and retains it professional client status for the purpose of accessing external finance. Over and above the minimum £10m investment requirement, the Council will continue to invest any surplus cash balances with secure investors, such as the Debt Management Office and other local authorities, both of which are currently providing competitive rates of return. The detail regarding the approved counterparty list and limits is shown in Appendix 3.

Head of Finance Summary

28. The Council's Capital Strategy, and in particular the Capital Programme itself, are, from a financial perspective, decisions with long term implications and where decisions today 'lock-in' the impact on budgets once projects have progressed and borrowing taken out. As explained in the first part of this report, the core requirement for councils is to make decisions whilst taking into account affordability, prudence and sustainability:

29. In terms of the Council's proposed Capital Programme to 2028/29:

Affordability

- There is a significant increase in the Council's projected level of external borrowing and the associated capital financing costs over the next two to three years, in particular. As has been reported in previous years, adequate revenue budget has been in place since 2021/22 to meet the anticipated costs of the full programme as it was at that point. As no new borrowing headroom has been introduced since then, this remains the case. The current capital programme is therefore affordable, in totality, as a result of this. In addition, based on current assumptions, indicative new borrowing capacity of £7m per year from 2027/28 would also be affordable from within the planned capital financing budget. This is an important position because the Council has an unbalanced medium term financial position currently, due to high inflation driving up costs and increased demand for services. There is also a risk that funding constraints could arise over the medium term. Having already fully funded the revenue impact of the existing programme means that there is one less pressure on an already challenging outlook.

Prudence

- Prudent operational limits on the level of capital expenditure funded by borrowing have been recommended, which align with the proposed programme requirement and, therefore, the Council's priorities. These operational limits increase over the course of the programme and will result in the Council taking on more debt. Therefore, the Capital Programme needs to be strictly managed within those limits to ensure that the need to externally borrow does not increase and expose the Council to any further risk or interest costs.

Sustainability

- As outlined above, the revenue costs arising from the proposed Capital Programme have been fully funded within the overall revenue budget. Providing that the Council is able to meet the challenge of balancing its budget over the medium term, then the costs of borrowing are sustainable. In addition, current indications suggest that it will be possible to introduce new borrowing capacity from 2027/28. There is, however, a risk to this position, should funding constraints emerge over the medium term, which could present the need for the Council to take steps to balance its budget, one of which may be to review its capital financing budget and potentially scale back its capital programme aspirations. It is for this reason that this new headroom can only be introduced once there is greater certainty around the longer-term affordability of such a commitment.

30. It is recognised that whilst there are financial constraints to work within, there is also a need to invest in the Council's assets. It is therefore important that an appropriate balance is struck between financial restraint and the requirement to maintain and enhance the asset base. Therefore, whilst opportunities to introduce new borrowing capacity will be sought, it is also critical that all opportunities to increase the capital headroom via one-off sums need to be taken when available and potentially prioritised over other emerging pressures. This will assist with mitigating the impact of the maintenance backlogs and potentially avoiding the high-cost impact of asset failure. The absence of significant capital headroom will mean that other funding sources will need to be pursued for any new schemes, as well as maximising the ability to self-fund schemes. The new, strengthened, governance arrangements, will be a crucial part of managing the challenging situation over the medium to long term.

31. The Cabinet is required to consider the Capital and Treasury Management Strategies, including the prudential indicators and limits contained within, and recommended to full Council for approval.

Risks

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?
Increased need to borrow beyond currently assumed levels.	High*	Medium	Regular monitoring and reporting of available headroom should identify any issues at an early stage and keep Cabinet / Council updated. A mechanism exists for increasing borrowing limits and this should only be done where affordable, prudent and sustainable.	Members, Executive Board, Heads of Service and Head of Finance.
Undertaking borrowing that is not ultimately required.	High	Low	Regular monitoring of schemes, and strengthened governance arrangements, means that potential for slippage should be identified at an early stage. Continued reprofiling to be undertaken to guard against slippage not	Executive Board, Heads of Service and Head of Finance.

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?
			being identified. Regular contact with WG regarding potential grant funding, which could negate the need to undertake borrowing.	
Investment counterparty not repaying investments.	High*	Low	The Council only invests with institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds/duration available for relatively higher risk investment as measured by credit ratings will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors.
Interest Rates moving adversely against expectations.	Medium*	Medium	The interest rate climate has stabilised compared with the volatility shown over the last 12 months. Interest rate forecasts are regularly received from external treasury advisors and the Council is prudent when forecasting future interest payable. In addition, the Treasury Strategy provides for a balance between short and long-term borrowing as a means of managing this particular risk.	Head of Finance, Treasury staff, based on advice from treasury advisors.

** Impact is ultimately determined by the values involved, with the impact reducing as the values decrease.*

Links to Council Policies and Priorities

The Capital Strategy sets out the Capital Programme over a long-term context and demonstrates that the Capital Programme supports a number of the Council's aims and objectives.

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

Options Available and considered

To endorse both the Capital Strategy and the Treasury Management Strategy for 2024/25 for approval by Council, and approve the capital programme.

Preferred Option and Why

The Prudential Code places a requirement upon local authorities to determine a long-term Capital Strategy. The Prudential Code and statute also require that, before the end of the financial year, reports on Treasury Management matters are presented to Cabinet/Council for approval. Therefore, Cabinet is required to endorse both the Capital Strategy and the Treasury Management Strategy to Council, and approve the capital programme.

Comments of Chief Financial Officer

This report, and the Capital and Treasury Management Strategies appended, both highlight the revenue implications from capital expenditure, and the need for the capital plans of the authority to be affordable, prudent and sustainable. The main financial implications are captured within the report and all appendices. However, it is important to note the following comments.

The Capital Strategy highlights the anticipated increase in borrowing and the revenue costs resulting from the proposed Capital Programme, which is largely comprised of ongoing schemes from the current programme. Whilst the short to medium term increase in borrowing is currently affordable from within the capital financing budget, over the longer-term, a position needs to be reached whereby debt funded capital expenditure is no greater than the annual MRP charge, allowing the CFR to stabilise or, ideally, reduce. This will be a key issue over the medium to long term, mainly due to the challenging financial outlook being faced by the Council. At a time when demand for revenue resources is high, due to rising costs and demand for services, it will be important that demand for capital financing is proportionate and, ideally, kept to a minimum.

The strategy includes indicative allocations of new borrowing capacity from 2027/28 onwards. Whilst this would currently appear to be affordable, based on current assumptions, it is important to note that this is included for indicative purposes only. Only once there is greater certainty regarding the affordability and sustainability of such a commitment can this be approved. However, it is also recognised that there is a pressing need for new capital resources and, therefore, an appropriate balance will need to be struck between prudence and investment. Because of this demand for capital resources, it will be vital that opportunities to increase capital headroom are taken and that issues surrounding asset maintenance are prioritised. This will assist the Council with being able to react to emerging needs and mitigate the chance of asset failure.

The Treasury Management Strategy confirms that there is a long-term net borrowing commitment, but also a short-term refinancing requirement due to loans maturing over the coming financial year. It is almost certain, therefore, that the Council will need to take on new external borrowing during the year. Consideration will be given as to whether this can be done early, to mitigate the risk of interest rate rises and remain within current set budgets. As ever, such decisions will be taken in light of advice received from the Council’s treasury advisors and with the aim of securing a low but certain cost of finance.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. The Capital Strategy will provide a framework for future capital and investment decisions, having regard to principles of affordability, prudence, sustainability and risk/reward. The Treasury Management Strategy sets out the financial management principles that will underpin the Capital Strategy. As such, both strategies will form part of the Council’s overall budget framework and are required to be formally approved and adopted by full Council. Governance & Audit Committee were asked to comment on the draft Capital Strategy and Treasury Management Strategy as part of its responsibility for reviewing and monitoring the effectiveness of the Council’s system of internal controls and the proper administration of its financial affairs.

Comments of Head of People, Policy & Transformation

The Capital Strategy described within this report is considerate of, and meets the requirements of, the Wellbeing of Future Generations Act with a focus on long term planning and sustainability as part of the sustainable development principle. The Fairness and Equality Assessment completed and summarised below reinforces this element, along with the broadly positive/neutral impacts on protected groups.

Financial governance is a vital part of meeting the sustainable development principle and corporate objectives and it is noted that in light of scarce capital resources, despite demand for them, the Council has taken steps to strengthen governance, by introducing a Capital Assurance Group (CAG).

The report supports the Corporate Plan objectives which are ambitious and focused on working collaboratively with our staff, residents, and partners to improve service delivery across the city whilst supporting other related plans and strategies.

There are no direct human resources implications, however as the Council works towards the Corporate Plan and Capital Strategy, it will be necessary to consider the workforce requirements needed to achieve the objectives as set out. Any staffing impact will be considered, and consultation will take place as and when necessary.

Fairness and Equality Impact Assessment:

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

The Council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality. In relation to this strategy document, a Fairness and Equality Impact Assessment has been undertaken. The FEIA has been undertaken in light of this strategy being an overarching financial strategy, rather than a policy decision relating to one specific initiative or service. Therefore, there are elements to the assessment that don’t lend themselves to this particular strategy. It should also be noted that there is a clear link between this strategy and the Council’s revenue budget setting process, with the ultimate impact of debt-funded capital expenditure being felt within the revenue budget. Therefore, any consultation required will have been undertaken as part of the revenue budget setting process. Also, specific schemes within the Capital Programme will have been subject to an FEIA, where relevant.

The main conclusions to be drawn from the FEIA undertaken is that there is a clear link between the long-term nature of the Capital Strategy and the sustainable development principle of the Wellbeing of Future Generations Act. This is evidenced through the focus on ensuring affordability, prudence and, most relevantly, sustainability. Therefore, there is potentially a positive impact from the perspective of the younger age groups. In the case of the other protected characteristics, it is not felt that there is a specific impact, however this may not necessarily be the case for the individual schemes within the programme, which should have been subject to separate FEIAs. However, there are a variety of schemes within the programme that will, collectively, have had a positive impact upon groups with protected characteristics such as disability, language preference and socio-economic background.

Consultation

Consultation was undertaken with senior management, as part of drafting the strategy, and Governance & Audit Committee, who, under the terms of the committee, were provided an opportunity to provide comment on the draft strategy.

Background Papers

Report on Treasury Management for the period to 30 September 2023
Capital Monitoring and Additions Report – November 2023

Dated: 6 February 2024

Appendix 1 – Detailed breakdown of the proposed Capital Programme (excluding borrowing headroom) (£000)

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
<u>Annual Sums:</u>						
<u>People, Policy & Transformation:</u>						
Asset Maintenance (including schools)	1,371	1,500	1,500	1,500	1,500	7,371
IT Replacement Schemes	289	202	150	150	150	940
<u>Prevention & Inclusion:</u>						
Disabled Facilities Grants	1,153	1,000	1,000	1,000	1,000	5,153
Safety at Home	283	300	300	300	300	1,483
<u>Social Services:</u>						
Disabled Equipment (GWICES)	165	165	165	165	165	825
Telecare	62	30	30	30	30	182
<u>Infrastructure:</u>						
Fleet Replacement	2,663	2,141	2,141	2,141	2,141	11,227
Highways Asset Maintenance	1,432	500	500	500	500	3,432
Annual Sums Total	**7,418**	**5,838**	**5,786**	**5,786**	**5,786**	**30,614**
<u>Ongoing and Previously Approved Schemes:</u>						
<u>Education:</u>						
Sustainable Communities for Learning - Band B	15,373	9,185	1,939	0	0	26,496
Welsh Medium Primary School (Pillgwenlly / Nant Gwenlli)	1,286	2,659	0	0	0	3,944
Pentrepoeth Primary School Accessibility Works	8	0	0	0	0	8
St Mary's Primary School	4,759	0	0	0	0	4,759
Education Maintenance Grant 2020/21	558	0	0	0	0	558
Education Maintenance Grant 2022/23	372	0	0	0	0	372
Capital Maintenance and Energy Works across the school estate	350	0	0	0	0	350
Education Accessibility Works - Phase 2	609	0	0	0	0	609

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Millbrook Primary School Demolition	550	0	0	0	0	550
Ysgol Gwent Is Coed Sports Hall	3,284	0	0	0	0	3,284
Education Total	**27,149**	**11,843**	**1,939**	**0**	**0**	**40,931**
Environment & Public Protection:						
Refit	226	0	0	0	0	226
Local Places for Nature	467	0	0	0	0	467
Parks Improvements	635	0	0	0	0	635
Cemeteries Improvements	275	0	0	0	0	275
Community Building Decarbonisation	250	0	0	0	0	250
Mon & Brecon Canal Works (SPF scheme)	994	0	0	0	0	994
Tredegar Park (SPF scheme)	1,665	0	0	0	0	1,665
Environment & Public Protection Total	**4,512**	**0**	**0**	**0**	**0**	**4,512**
Housing & Communities:						
Food Resilience Programme (SPF scheme)	60	0	0	0	0	60
Housing & Communities Total	**60**	**0**	**0**	**0**	**0**	**60**
Infrastructure:						
Carnegie Court Emergency River Works	19	0	0	0	0	19
Placemaking Capital Projects (Hostile Vehicle Mitigation)	962	0	0	0	0	962
Herbert Road Highway Works	88	0	0	0	0	88
Infrastructure Total	**1,070**	**0**	**0**	**0**	**0**	**1,070**
People, Policy & Transformation:						
Central Library Structural Works	490	0	0	0	0	490
People, Policy & Transformation Total	**490**	**0**	**0**	**0**	**0**	**490**

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Regeneration & Economic Development:						
Cardiff Capital Region City Deal – NCC Contribution	1,238	1,294	978	0	1,078	4,588
Mill Street Loan	261	0	0	0	0	261
Clarence House Loan	202	0	0	0	0	202
Transforming Towns	332	0	0	0	0	332
Transporter Bridge	5,651	0	0	0	0	5,651
Placemaking Capital Projects (Lighting Strategy)	500	0	0	0	0	500
New Leisure Centre	12,458	4,086	0	0	0	16,543
Newport Museum & Art Gallery	39	0	0	0	0	39
Regeneration SPF Schemes	4,093	0	0	0	0	4,093
Regeneration & Economic Development Total	**24,774**	**5,380**	**978**	**0**	**0**	**32,210**
Social Services:						
Cambridge House	681	0	0	0	0	681
Social Services Total	**681**	**0**	**0**	**0**	**0**	**681**
Total Capital Programme	**66,154**	**23,061**	**8,703**	**5,786**	**6,864**	**110,567**

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Financed by:						
General Capital Grant	4,286	4,286	4,286	4,286	4,286	21,430
Supported Borrowing	4,160	4,160	22	0	0	8,342
Unsupported Borrowing	11,179	1,863	978	0	1,078	16,155
External Grants	35,219	9,189	650	0	0	45,058
S106	701	2,062	0	0	0	2,763

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Other Contribution	276	0	0	0	0	276
Capital Receipts	2,461	0	0	0	0	2,461
Revenue Contribution	1,542	1,500	1,500	1,500	1,500	7,542
Reserves	6,329	0	1,267	0	0	7,596
Total Capital Programme Financing	**66,154**	**23,061**	**8,703**	**5,786**	**6,864**	**110,567**

Appendix 2

NEWPORT CITY COUNCIL
CAPITAL STRATEGY
2024/25 TO 2033/34

CONTENTS

EXECUTIVE SUMMARY

This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and a summary of the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and local policy framework, summarised in this report.

The report highlights that expenditure on capital needs to remain within affordable, prudent and sustainable limits. Demand for capital resources remains high and therefore, inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners are required to address this.

The strategy highlights the key risks and recommendations:

- The Council's new rolling capital programme, a large proportion of which relates to ongoing and previously approved schemes, requires a substantial amount of borrowing to 2025/26, in particular. Whilst this is affordable, due to the revenue budget requirement being forward funded in the 2021/22 budget, it is necessary to exercise caution in introducing new borrowing capacity thereafter, especially given the current economic climate and pressures upon the Council's revenue budget.

- The Council's Medium Term Financial Plan does not reflect any provision for new borrowing over and above that already funded within the existing revenue budget. Therefore, any new borrowing capacity, which is indicatively included in the Capital Programme from 2027/28, needs to be afforded from within the existing capital financing budget. This position will be kept under review as certainty regarding the medium-term outlook increases.

- As per the agreed framework (detailed in the report), the programme needs to be maintained within the agreed limits and not result in a medium-term increase in the Capital Financing Requirement. This is to be achieved by limiting new borrowing capacity to that affordable from within existing revenue resources. Any required increase in the level of capital expenditure to be specifically funded by borrowing would need approval by full Council.

- Due to the pressure for additional capital resources, partly driven by the need for investment in existing assets (e.g. buildings and highways), there is a requirement to supplement the capital headroom with one-off resources, wherever possible. To achieve this, consideration should be given to using any revenue underspends over the medium term for increasing the capital headroom, as well as a focussing on generating additional capital receipts, via the Council's Asset Programme.

- The pressure upon the Capital Programme and the historic challenges in relation to programme delivery and slippage, necessitates the need for clear, robust, governance structures around the programme. This requirement has been addressed by the introduction of the Capital Assurance Group, which is responsible for holding Heads of Service and their project managers to account for capital project delivery, as well as acting as a gateway for all new capital bids.

- The prudential indicators, including borrowing limits, are in line with the Council's agreed Medium Term Financial Plan.

The strategy will be reviewed and updated on an annual basis alongside the Treasury Management Strategy.

OVERVIEW OF THE STRATEGY

1.1. INTRODUCTION

Capital expenditure can be defined as expenditure on assets, such as property or vehicles, that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to acquire assets. It is the Council's policy not to treat any expenditure under £10,000 as capital, and therefore anything under this value will be charged as revenue in the year of expenditure.

The Prudential Code for Capital Finance in Local Authorities (2017) placed a requirement on local authorities to determine a Capital Strategy, in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives, and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.

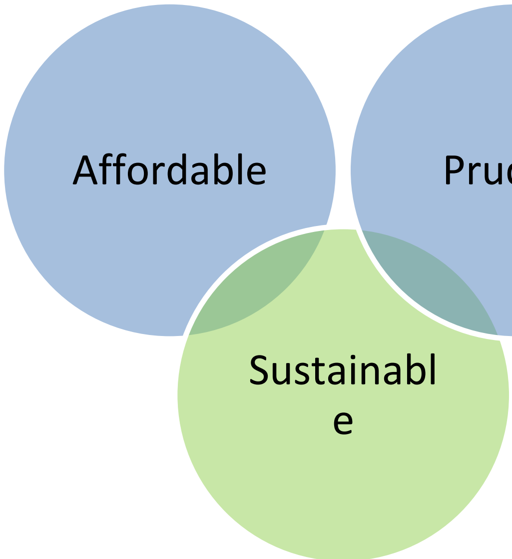
The report sets out:

- The key objectives outlined in the Prudential Code and the governance arrangements for the Capital Strategy and programme, including the move towards a rolling approach to programme development and management (Section 2)
- The proposed capital programme to 2028/29, its financing, and the revenue implications arising from demands on capital expenditure (Section 3)
- The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the Council for further capital resources. (Section 4)
- Links between the Capital Strategy and Treasury Management strategy, and treasury decision making. (Section 5)
- The commercial activity of the Council and the strategy going forward. (Section 6)
- Overview of other long-term liabilities the Council has, which members need to be aware of when looking at the Capital Strategy. (Section 7)
- Summary of the skills and knowledge the Council holds in order for it to carry out its duties for capital and treasury matters. (Section 8)

2. PRUDENTIAL CODE & GOVERNANCE

2.1. PRUDENTIAL CODE – KEY OBJECTIVES

The objective of the Prudential Code is to ensure, within a clear framework, that the Council's capital expenditure is affordable and prudent. In terms of both affordability and prudence, it is important that sustainability is considered and can be demonstrated;



AFFORDABLE

It is important that the Council's capital investment remains within **sustainable** limits. The Code requires authorities to consider the resources currently available to them and those estimated to be available in the future, together with the totality of the capital plans and income and expenditure forecasts. As well as capital expenditure plans, authorities should consider the cost of past borrowing, ongoing and future maintenance requirements, planned asset disposals and the MRP policy, which all impact upon affordability.

PRUDENT

The Council must ensure that its capital and investment plans are prudent and **sustainable**. As required by the Code, consideration should be given to the arrangements for the repayment of debt and the risk and impact on overall financial **sustainability**. The operational boundary for external debt should align with capital expenditure plans and provide for the most likely, not worse case, scenario. The authorised limit should provide sufficient borrowing headroom to enable day to day cash management. It is important that there is alignment with the treasury management policy statement and practices, and that risk management and analysis is taken into account. Borrowing in advance of need should only be undertaken where appropriate and affordable, and treasury management activities should find a balance between security, liquidity and yield reflecting the Council's risk appetite, but not prioritising yield over security and liquidity.

SUSTAINABLE

As highlighted above, the Council has to ensure sustainability when considering both affordability and prudence. In line with the long-term impact of decisions made in relation to capital investment plans, sustainability is considered over a minimum 10-year period.

In addition, the Council ensures that treasury management decisions are taken in accordance with good professional practice and with the full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. As part of this, all local authorities are required to have regard to CIPFA's Prudential Code and Treasury Management Code when setting their strategies for the coming financial year.

2.2. GOVERNANCE FOR APPROVAL AND MONITORING OF CAPITAL EXPENDITURE

Member responsibility for strategic finance rests with the Cabinet Member for Economic Growth and Strategic Investment, currently the Leader of the Council. The main governance and approval process for capital expenditure is summarised as follows:

- Council approves the overall revenue and capital budgets following recommendations from the Cabinet. As part of this, Council approves the external borrowing limits, which place a cap on the level of borrowing the Council can undertake during the year. These limits are based around the level of unfunded capital expenditure, including uncommitted expenditure, within the capital programme. The limits will not include expenditure on any schemes where borrowing is required, but which finance themselves through the savings generated. These limits are a key performance indicator for treasury management and ensure that capital expenditure is limited and borrowing remains affordable. Any changes required to the borrowing limits must be approved by full Council.
- Council approves the Treasury Management Strategy, which is intrinsically linked to capital expenditure and the Capital Strategy. Further details of this are provided in section 5.
- The detailed capital programme, contained within the overall budget, is approved by Cabinet following individual project appraisals by officers, which include the views of the Head of Finance and the Capital Assurance Group.
- Items of capital nature are discussed at the Strategic Asset Management Group (SAMG), which is made up of senior officers from all service areas and the Council's property advisors, Newport Norse. Discussions centre on the asset management agenda and asset disposals. Other boards with capital considerations include the Education Service Capital Board.
- The Capital Assurance Group maintains oversight of the overall programme and holds individual services to account for the delivery of their schemes. In addition, the group acts as a gateway for all new capital bids, prior to formal approval being sought from Cabinet.
- Cabinet approves any new capital expenditure to be added to the capital programme, including that funded from external resources, such as specific grants. This will follow an initial review by the Capital Assurance Group of any new bids or requests for capital resources. Cabinet also approves any utilisation of the Council's capital headroom.
- Monitoring of Capital Expenditure is reported to Cabinet, including updates on capital receipts and the impact on the revenue budget of decisions made. Cabinet also approves the transfer of slippage from one financial year to the next.

Affordability and sustainability are key considerations when approving capital expenditure, and therefore the agreed framework detailed in section 3.1 is used. Included within Appendix 2a is the process map used for the approval of capital expenditure.

3. CAPITAL EXPENDITURE AND FINANCING

3.1. CURRENT CAPITAL PROGRAMME

The current capital programme covers the five-year period between 2023/24 and 2027/28. As previously agreed, the Council now has a rolling approach to programme development and, therefore, the new iteration of the programme will cover a new five-year period between 2024/25 and 2028/29. Because of the rolling approach, it means that certain schemes or allocations will be shown as indicative only, until the point at which the full funding is in place for the expenditure planned in that respective year (in the case of debt-funded expenditure, this would require the requisite capital financing budget to be in place).

Given the financial constraints that the Council has faced in recent years, and continues to face, Cabinet and Council established a framework for managing the programme, aimed at maximising capital expenditure but keeping new borrowing at a level that could be afforded within a sustainable revenue budget and, in doing so, not adding unnecessary pressure to the medium-term outlook. This framework is as follows:

a. Funding from sources other than borrowing needs to be maximised; for example, by securing grant funding whenever possible and maximising capital receipts;

b. Any change and efficiency schemes requiring capital expenditure, and generating savings as a consequence, would be funded by offsetting the capital financing costs against the savings achieved;

c. Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

This framework ensures that the programme can be maximised but those schemes which cannot fund any resulting borrowing costs can be afforded and maximised within any capital headroom available. This available headroom is made up of residual borrowing headroom agreed within the previous programme and identified uncommitted capital reserves and capital receipts. The proposed programme indicatively includes new borrowing headroom from 2027/28 onwards, however this will not form part of the headroom until it is possible to formally approve this, once there is greater certainty regarding its affordability.

Because new headroom is not likely to be introduced until nearer the end of the five-year window, the proposed programme, in the first few years at least, will be made up of recurring annual sums, ongoing schemes and those schemes previously approved and funded, but not yet started. Any new schemes required will need to be financed in line with the above framework, or via the capital headroom. The current level of headroom is relatively limited and, as a consequence, it will be necessary to top-up the capital headroom whenever possible, using one-off resources. These one-off resources may include repurposing of existing earmarked reserves, future capital receipts and any underspends against the overall revenue budget.

The proposed new capital programme is summarised in the table below. For 2024/25, the programme contains approved capital schemes of £66.2m, and the overall programme to 2028/29, including uncommitted borrowing, is £125.6m. This total figure includes £1.1m of uncommitted borrowing headroom which is formally part of the capital headroom, (of which only £57,000 is not earmarked for specific schemes), plus £14m of indicative new borrowing headroom from 2027/28.

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	5-YEAR CAPITAL PROGRAMME					**Total programme**
	2024/25 Budget £m	**2025/26 Indicative £m**	**2026/27 Indicative £m**	**2027/28 Indicative £m**	**2028/29 Indicative £m**	**£m**
Annual Sums	7.4	5.8	5.8	5.8	5.8	**30.5**
Ongoing Schemes	58.7	17.2	2.9	0.0	1.1	**80.0**
Uncommitted borrowing*	0.0	1.1	0.0	7.0	7.0	**15.1**
TOTAL EXPENDITURE	**66.2**	**24.1**	**8.7**	**12.8**	**13.9**	**125.6**

** Uncommitted borrowing headroom to be invested in Council assets or regeneration.*

The proposed capital programme, including previously approved schemes, is large and leads to a sizeable increase in the Capital Financing Requirement (CFR) over the medium term. As a result, there is a consequential increase in capital financing costs. As part of the overall 2021/22 Council budget, a £2.1m investment in the capital financing budget was made in order to provide for the revenue costs arising from the full capital programme. By committing these resources in advance, it means that no additional investment is required over the medium term to meet these costs. In addition, current indications suggest that the capital financing budget over the medium term would be sufficient to enable new borrowing capacity to be introduced towards the end of the five-year window.

As well as providing the necessary coverage for the capital financing costs arising from previously agreed schemes, the forward funding of the capital financing budget has also provided an underspend in recent years. This has been used to offset other service area pressures, but has also contributed to opportunities to bolster the capital headroom. Should there be further slippage over the coming years, it may be possible to add to the headroom further, but this could also present opportunities to accelerate the repayment of historic unfunded capital expenditure, through Voluntary Revenue Provision, which would reduce the ongoing MRP cost by reducing the overall CFR.

In terms of funding, the WG General Fund Capital Grant in 2024/25 has been provisionally set at £4.286m, which is a marginal increase on the figure from 2023/24. This grant is used to fund the Council's annual sums allocations, which covers activities such as asset maintenance and fleet renewal.

The overall programme contains a number of key capital schemes, some of which will continue beyond the forthcoming 2024/25 financial year. These include:

- Sustainable Communities for Learning Band B Programme
- Transporter Bridge renovation
- Cardiff Capital Region City Deal (CCRCD)
- New Leisure & Wellbeing provision

There may be other requirements for capital funding for schemes that are not yet contained within the overall programme. Any new schemes that arise during the year will either need to be funded via specific funding sources (e.g. external grant) or will represent a call upon the residual headroom available. It is important that capital expenditure remains at an affordable level within the framework agreed and, therefore, prioritisation of capital expenditure is essential so that only the most critical schemes are taken forward.

Regular reviews of previously approved schemes, not yet started, will be undertaken to ensure that they remain affordable. This is especially relevant in the climate of recent high construction inflation and where capital expenditure is to be funded via borrowing, as there is a risk that the existing revenue budget may be insufficient. It will be expected that all necessary steps will be taken to ensure that existing budgets can be kept within, including reducing scope, seeking alternative funding sources and mitigating within a wider programme. As a last resort, consideration as to whether a scheme can still proceed will be required.

3.2. MEDIUM-TERM REVENUE IMPLICATIONS OF CAPITAL (CAPITAL FINANCING)

All capital expenditure must be financed, either from external sources, the Council's own available resources or debt (borrowing, leasing and Private Finance Initiative). All debt has to be repaid and this includes both the actual debt principal plus interest costs. The planned financing of the expenditure shown in Table 1 is as follows:

Table 2: Capital financing in £ millions

	NEW 5-YEAR CAPITAL PROGRAMME					**Total new programme £m**
	2024/25 Budget £m	**2025/26 Indicative £m**	**2026/27 Indicative £m**	**2027/28 Indicative £m**	**2028/29 Indicative £m**	
TOTAL EXPENDITURE	**66.2**	**24.1**	**8.7**	**12.8**	**12.8**	**125.6**
Financed by:						
Committed Grants and contributions	40.5	15.5	4.9	4.3	4.3	**69.5**
Committed Reserves, capital receipts, revenue	10.3	1.5	2.8	1.5	1.5	**17.6**
Committed new borrowing	15.3	6.0	1.0	0.0	1.1	**23.5**
TOTAL COMMITTED (Appendix 1)	**66.2**	**23.0**	**8.7**	**5.8**	**6.9**	**110.6**
Uncommitted borrowing	0.0	1.1	0.0	7.0	7.0	**15.1**
TOTAL UNCOMMITTED	**0.0**	**1.1**	**0.0**	**7.0**	**7.0**	**15.1**
TOTAL FINANCING	**66.2**	**24.1**	**8.7**	**12.8**	**13.9**	**125.6**

As outlined previously, when capital expenditure is initially financed by debt/borrowing, the Council is locked into a long-term revenue commitment to finance that expenditure over time. This financing is done via a mechanism known as the Minimum Revenue Provision (MRP). The available budget for MRP payments over the medium term (excluding PFI and leases and including where service areas are making contributions towards the capital financing costs of invest to save schemes) are as follows:

Table 3: Replacement of debt finance (MRP) in £ millions

	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
MRP budget*	10.0	10.8	10.8	10.8	10.8

**It should be noted that the MRP budget has been temporarily used in both 2023/24 and 2024/25 to supplement annual sums allocations, however the budget will be returned to its full value by 2025/26. In addition, there are planned transfers of budget from service area budgets to the MRP budget, in relation to the Council's new Leisure and Wellbeing provision.*

The Council's full MRP Policy is available within the Treasury Management Strategy, which will be approved alongside this Capital Strategy.

Although capital expenditure is not charged directly to the revenue budget, as discussed above, interest payable on loans and MRP (the "financing costs") are charged to revenue. The table below shows the financing costs as a percentage of the Council's net budget, which is one of the required prudential indicators.

Table 4: Prudential Indicator: Proportion of financing costs to net revenue stream

	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs* (£m)	23.4	24.3	24.5
Proportion of net revenue stream	5.9%	6.0%	6.0%

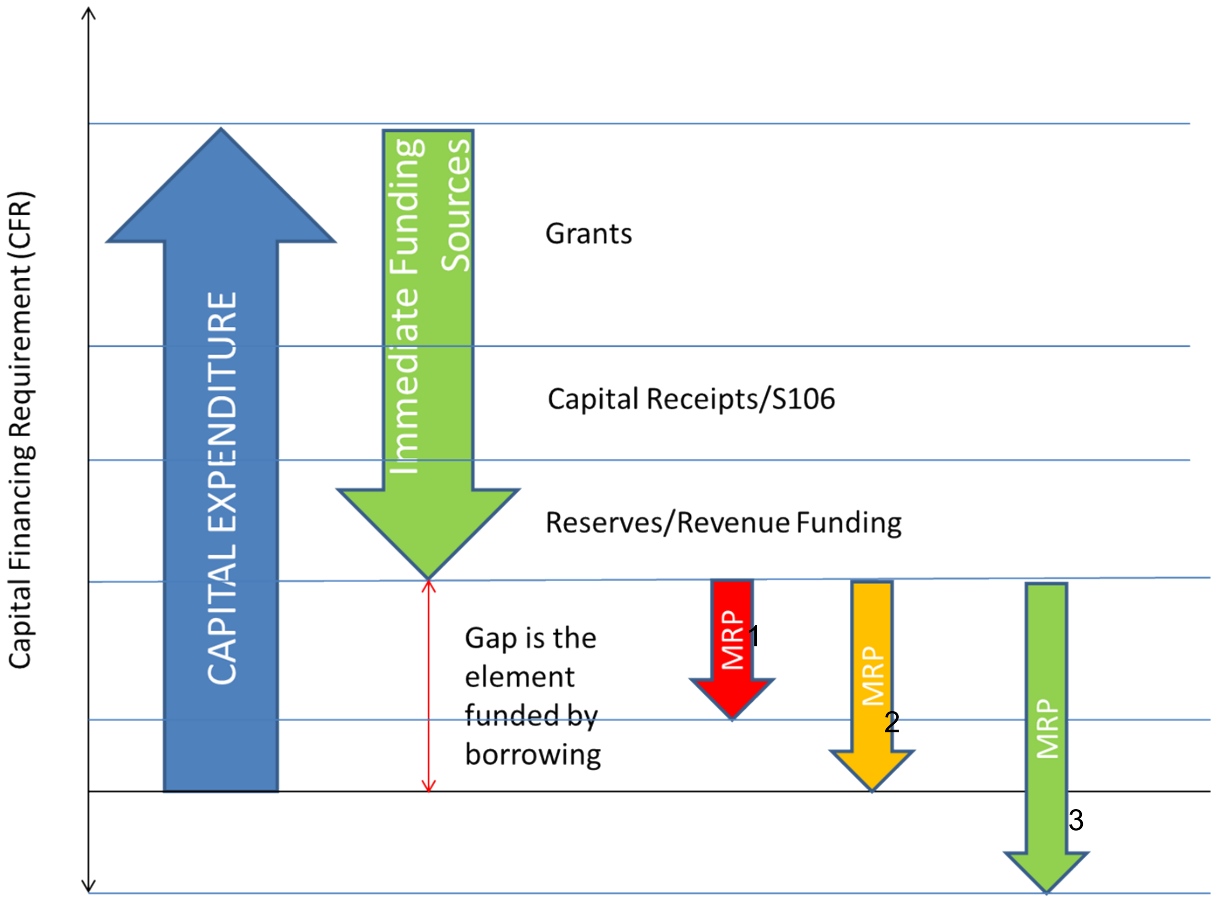
*includes capital financing costs of PFIs and leases

From the table above it is evident that the proportion of the budget set aside to finance capital expenditure is set to stay broadly level over the medium-term. This is largely because the Council's current Medium Term Financial Plan is predicated on an assumption that public sector funding will broadly flatline over the forthcoming years. Any increases in funding, through assumed Council Tax increases predominantly, are anticipated to be matched, or exceeded, by the aforementioned planned increases in the capital financing budget.

- Information on the revenue implications of capital expenditure is also included in the 2024/25 revenue budget report.

Capital Financing Requirement (the underlying need to borrow)

The Council's cumulative outstanding amount of debt finance is measured by CFR. This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The diagram below shows the impact of capital expenditure, financing and MRP on the CFR:



The diagram above shows the following:

- CFR **increases** when capital expenditure is incurred.
- CFR **decreases** when capital expenditure is immediately financed - i.e., through grants, capital receipts, revenue funding, reserves, S106 income.
- If the MRP charge is **less than** the capital expenditure funded by borrowing in any given year (Red [1]) the net CFR increases
- If the MRP charge is **equal to** the capital expenditure funded by borrowing in any given year (Amber [2]) the net CFR stays the same
- If the MRP charge is **more than** the capital expenditure funded by borrowing in any given year (Green [3]) the net CFR decreases

This is an important concept, as it demonstrates how decisions on the level of capital expenditure and MRP budget impact upon the Council's long-term borrowing requirements and consequent capital financing implications. However, it is important to note that the CFR is only an indicator as to the need to undertake borrowing, with the actual need to borrow ultimately being driven by the overall short and long term cashflow requirements of the organisation.

The table below provides the medium-term outlook for the Council's CFR, inclusive of the impact of PFI arrangements. This is based on the proposed programme, including the indicative new borrowing allocations from 2027/28. As can be seen, the CFR is expected to increase by £7.8m by the end of 2023/24 and then a further £18.6m during 2024/25 to £299.7m, before reducing over the remaining years (it should be noted that £15m of this increase is due to technical accounting considerations arising from the adoption of IFRS16 Leases from 1st April 2024). The anticipated position is higher than previous years, where the figure has generally stayed at around £273m, even after ignoring the impact of IFRS16.

This significant increase in capital expenditure, including that funded via other sources, will be a challenge to achieve, evidenced by the significant levels of slippage incurred during the 2021/22 and 2022/23 financial years. Therefore, it is important to recognise the likelihood that the actual CFR may turn out lower by the end of the 2023/24 financial year, in turn reducing the actual need to undertake external borrowing. This is a significant challenge for the Council, as it is important that ambitions for capital expenditure are not unrealistic, as this can result in unnecessarily committing resources towards the capital financing budget, which may result in other budget priorities not being able to be pursued.

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31/03/23 Actual	**31/03/24 Forecast**	**31/03/25 Budget**	**31/03/26 Indicative**	**31/03/27 Indicative**	**31/03/28 Indicative**	**31/03/29 Indicative**
TOTAL CFR	**273.3**	**281.1**	**299.7**	**294.4**	**282.8**	**277.3**	**271.9**

With the introduction of the accounting requirements of IFRS 16 Leases, the CFR and debt identified as relating to leases has increased, due to the change in the way that finance leases for lessees are treated. The introduction of this new accounting standard had been deferred by CIPFA/LASAAC for a number of years, however it is now agreed that it will be introduced from 1st April 2024. Work has been undertaken across the Council, including schools, to gather the relevant information and fully understand the impact upon the Council. The figures contained within this strategy document reflect the estimated impact of this accounting regulation change.

Put simply, the greater the CFR, the larger the impact will be on the revenue budget, with that impact being exacerbated by an ongoing reduction in the availability of internal borrowing. Therefore, in the long-term, there will be a need to keep annual capital expenditure funded by borrowing at a level below the annual MRP budget in order to maintain the capital financing revenue budget at a broadly sustainable level.

4. LONG-TERM VIEW OF CAPITAL EXPENDITURE

Expenditure on capital assets/projects are often for assets which have a long-term life i.e. buildings may have an asset life in excess of 40 years. The financing of these assets could also be over a long-term period. Therefore, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once a decision has been made to initially fund capital expenditure from borrowing, the Council is locked into the revenue implications arising from that decision (i.e. the annual cost of MRP) for a long-term period.

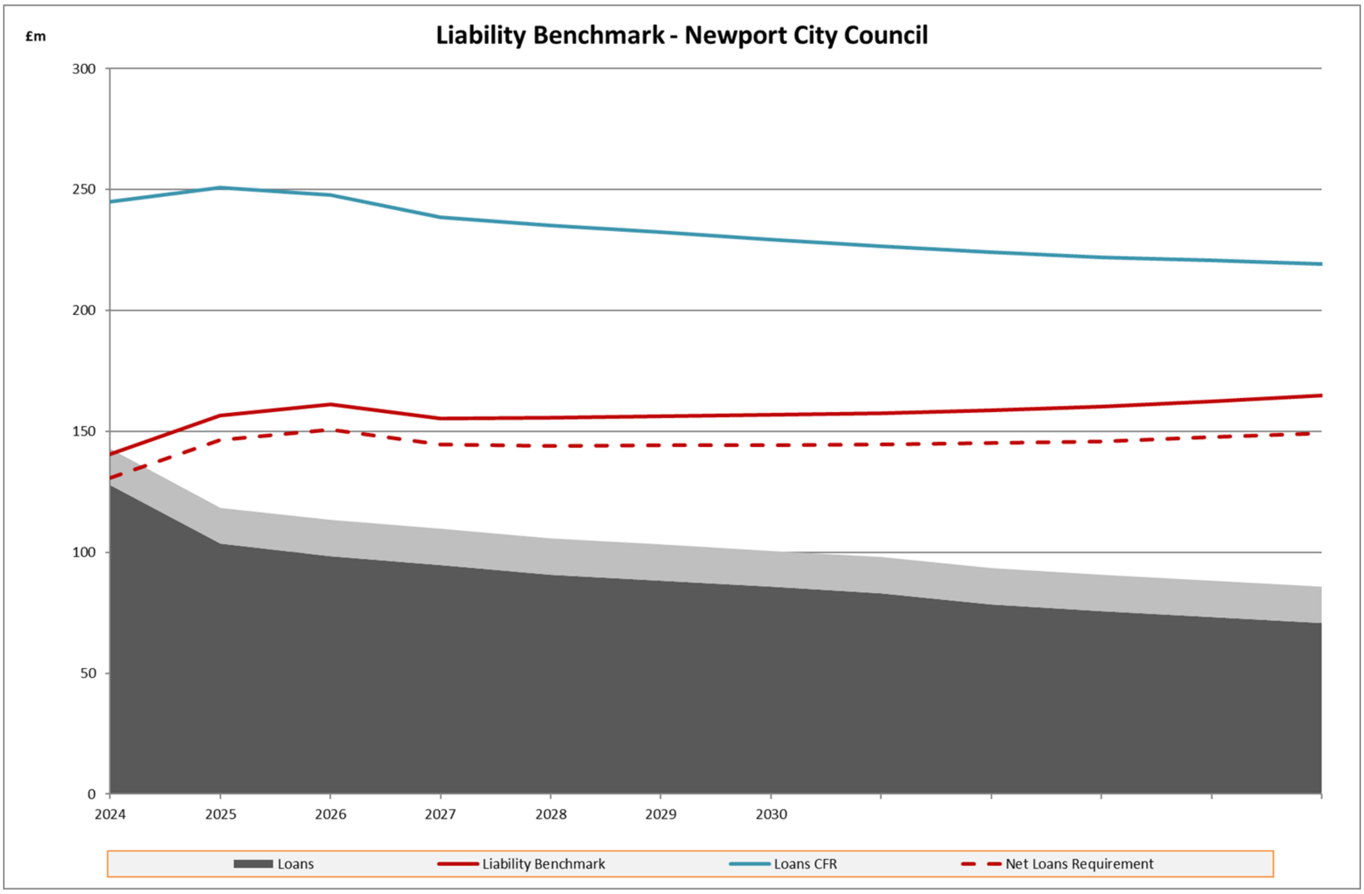
Due to the financial constraints that the Council continues to face, it is anticipated that revenue to fund capital financing will remain restricted over the long term. The capacity to use internal borrowing is also reducing, which means that the authority will face a challenge in relation to its medium to long term capital aspirations, particularly if there is a need or desire to incur a certain level of capital expenditure funded via borrowing. This comes at a time when the authority is facing challenges in relation to its existing asset base, in terms of maintenance backlogs, as well as demand pressures (e.g. increasing pupil numbers) adding to the need to invest in new and existing assets.

As already outlined, the scope for new borrowing over the medium to long term will be restricted to that that can be afforded from within the existing capital financing budget. The reason for this stance is to ensure that the CFR is stabilised and, ideally, reduced. If this was to be achieved, by ensuring that new capital expenditure funded by borrowing is less than the annual MRP charge, it would minimise the increase in associated capital financing costs and ensure that they remain affordable and sustainable. This is particularly relevant when considering the position outlined in the Medium Term Financial Plan and the competing financial pressures facing the Council.

The proposed programme includes indicative new borrowing of £7m in both 2027/28 and 2028/29. In addition, to assist with exemplifying the potential impact over the medium to long term, further annual £7m allocations of new borrowing have been modelled beyond 2028/29. It is important to note that the Council will be required to make further CCRCD contributions beyond the current programme. These contributions have been previously agreed and, therefore, represent an unavoidable commitment and the first call upon any new headroom.

The impact of this modelling is outlined in the chart below, in terms of the overall level of the CFR and the actual requirement to undertake external borrowing.

Chart 1 – Liability Benchmark - £7m additional borrowing per year from 2027/28



Charts 1, known as the Liability Benchmark, demonstrates the following, in terms of the impact of the proposed capital programme and the modelled scenario:

- The impact the current capital programme has in terms of the increasing CFR and consequent need for external borrowing, denoted by the steepness of the solid and dashed red lines over the first few years.
- A stabilisation, and then reduction, in the overall level of CFR, as shown by the trajectory of the solid blue line.

- A longer-term stabilisation of the need to undertake actual external borrowing, as shown by the trajectory of the dashed red line.
- The impact of the reducing capacity for internal borrowing, demonstrated by the convergence of the red and blue lines over the course of the 10-year period.
- The fact that a level of existing borrowing is scheduled for repayment (denoted by the shaded grey area) over the medium to long term, although the underlying need to borrow actually grows during that time, meaning that the repaid borrowing will need to be replenished.

The modelled scenario demonstrates that it would be possible to stabilise the CFR and actual need to borrow over the medium to long term, whilst introducing new borrowing capacity at £7m per year from 2027/28. This is critical if the increase in consequent capital financing costs is to be minimised and remain at a level which is prudent, affordable and sustainable over the medium term. However, as the following paragraphs and Chart 2 demonstrate, there are other factors which also impact upon the overall level of capital financing costs incurred.

Chart 2 – Capital Financing Cost Forecast

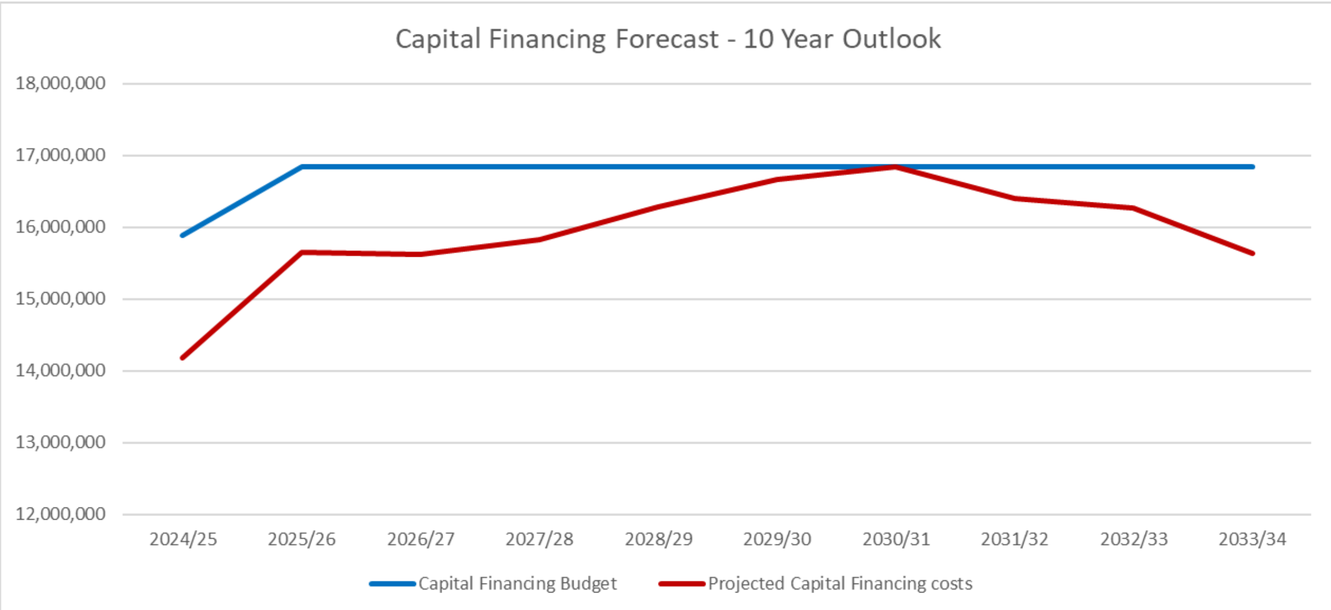


Chart 2 shows the projected capital financing costs over the next 10 years, inclusive of the indicative £7m new borrowing per year from 2027/28. The initial increase is driven by the capital programme that is proposed, resulting in a significant spike in capital financing costs to 2025/26. There is then a more gradual increase in costs, in line with debt-funded capital expenditure in each year being less from 2026/27 onwards. The drop-off in costs from 2030/31 is due to the fallout of MRP charges for historic schemes that will be fully paid off by that point. The budget line included in the graph is based on the existing and planned revenue budget. As can be seen, the peak of the projected costs would consume the full budget, however there could be a period before then whereby there is an underspend, which could be used to supplement the capital headroom or fund VRP, which would reduce the CFR and ongoing MRP charges.

Whilst it is seemingly positive that the existing budget can facilitate new borrowing capacity, it is important to note the risks that the revenue budget could be insufficient, should, for example, interest rates increase or the Council's internal borrowing capacity diminish more quickly than anticipated. What this means, in effect, is that additional external borrowing will need to be undertaken to replace the internal borrowing, just to maintain the status quo. The impact of this is that additional interest costs will be incurred and these will be borne by the capital financing budget. In the case of MRP, the annuity methodology for unsupported borrowing that the Council has adopted means that MRP charges are lower in earlier years and increase as assets move through their useful life. Therefore, there will be an annual increase in MRP charges, and consequent impact upon the revenue budget, even if no additional unfunded capital expenditure was undertaken.

It should be noted that the scenario above is for modelling purposes only, with assumptions included on the deliverability of the programme. In saying that, it is a good representation of the financial impact on Council finances given the potential levels of capital spend funded from borrowing.

The actual position will of course be impacted by a number of factors that will ultimately determine the level of borrowing and associated capital financing costs. These factors include:

(i) availability of capital grant funding from Welsh Government and other bodies, (i.e. will there be the capacity or need to include those levels of capital expenditure funded by borrowing?)
(ii) the delivery of capital receipts (i.e. as above)
(iii) the utilisation and overall level of earmarked reserves (i.e. as above)
(iv) the general level of slippage within the capital programme (i.e. will the Council spend at the rates modelled)

Sustainability and Ongoing Capital Programme Development

As already outlined, the long-term nature of the impacts arising from short to medium term capital expenditure and financing need to be understood in terms of its prudence, affordability and sustainability. The Head of Finance is satisfied that the current programme meets this key requirement, evidenced by the fact that the revenue implications are already fully funded. However, the key challenge facing the Council, in relation to capital, is the continuing pressure relating to the existing estate, in terms of maintenance backlogs and ensuring no expensive asset failures occur. The current annual sums allocations are not as high as would be ideal, meaning that it can be challenging enough to maintain the status quo in terms of backlogs, before considering reducing them. In addition, there is the potential for demand for new schemes to emerge over the medium term, especially in relation to pupil number increases, for example.

On the basis that the current Medium Term Financial Plan is not balanced, there would appear to be little scope to increase capital resourcing by way of external borrowing in the short term, as the revenue budget would not be able to cater for the increased MRP and interest costs. The MTFP challenge is likely to be especially acute between 2024/25 and 2026/27. Whether or not the challenge will ease beyond those years will largely depend upon the rates of inflation being experienced, the demand for services and the position in relation to core funding via UK and Welsh governments, especially with a general election on the horizon. Therefore, it is a positive position that the Council could potentially be able to commit to new borrowing headroom in future years, without the need to increase the capital financing budget. However, this is reliant upon core assumptions, such as interest rates and the rate of earmarked reserve usage, not adversely changing. It is also inherently dependent upon the Medium Term Financial Plan and whether there is a need to identify savings from all budgets in order to balance the Council’s overall budget.

This potential scope for new borrowing will be of great benefit to the Council in that it would assist with addressing a number of likely capital pressures, whether new pressures or increases in existing pressures. However, clear prioritisation of schemes will still be required, in order to ensure that the limited resources available are used for only the most critical issues.

In light of this challenge, it is important that the authority understands the key drivers and risks associated with delivering an annually refreshed capital programme. These drivers are captured through various plans across the authority and are outlined in the diagram that follows. These plans will be subject to ongoing revision and it will be necessary for the authority to develop its understanding of the cost of key priorities arising from each plan, to inform what will potentially be a constrained programme in terms of the overall financial envelope.

There will be a range of priorities originating from these plans, particularly the Corporate Plan. As well as the priorities contained within the Corporate Plan, there is the aforementioned requirement to maintain the current asset base. This is something that has been severely impacted by constrained funding levels in previous years and has resulted in the maintenance backlog developing, which gives rise to the potential for major asset failures to occur where issues have developed over time. There is a particular risk surrounding highways and school buildings, although there are other asset bases that hold maintenance backlogs as well.

Therefore, whilst annual allocations are provided for asset maintenance, they are generally insufficient in value. The challenging revenue budget position does not provide an easy solution in increasing these allocations to a level that would, in the first instance, stop the backlogs from increasing. Because of this, it will be critical that opportunities to augment the annual sums, such as those outlined earlier in the strategy, are taken wherever possible. If it doesn’t prove possible to increase the annual sums, they should, as a minimum, ensure the highest priority backlog issues are addressed, first and foremost. However, they would, in most cases, be insufficient to address any asset failures.

In addition to the annual sums, other approaches need to be pursued in order to reduce the maintenance backlog. This would include the ongoing review of the asset base more generally and consideration to rationalising the number of assets, which forms part of the Transformation Plan. Rationalisation through the review programme could be achieved in a number of ways, such as closure or disposal of assets, asset transfers or schemes to refurbish/redevelop existing assets. Furthermore, it will be necessary to target external grant funding, such as Sustainable Communities for Learning funding, which will enable wholesale upgrade or replacement of existing assets, including those with significant maintenance backlogs.

Therefore, when developing future iterations of the capital programme, it will be necessary for decision-makers to ensure that the ongoing maintenance of existing assets is sufficiently addressed. However, there will be other priorities to be included within the programme at a point in the future, such as the need to address the climate emergency via a pursuit of carbon neutral assets, the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes for the city. As already outlined, the pressure to support such initiatives will need to be carefully balanced against other competing priorities for revenue resources.

Although members will ultimately decide upon both the overall size of the new programme, and the schemes contained within it, it will be important that there continues to be appropriate governance surrounding the development of the programme. This will be especially important given the constrained funding outlook and the need to be absolutely clear as to where the highest priorities lie. To achieve this, the newly-constituted Capital Assurance Group will need to act as a gateway and ensure that only those schemes with a clear plan for delivery and where the necessary due diligence has been undertaken are recommended for addition to the programme. The group should also ensure that there is enhanced oversight and management of the programme on an ongoing basis and reduce the likelihood of slippage or grant funding being foregone in future years. As an outcome, a more realistic, deliverable and achievable programme should result.

5. TREASURY MANAGEMENT

The Treasury Management Strategy (detailed in Appendix 3) and Capital Strategy are inextricably linked, with both strategies being considered for approval by Council as part of the same meeting. The figures within the Treasury Management Strategy align with the level of borrowing resulting from this Capital Strategy. The Council will need to approve both the prudential indicators detailed below and the borrowing limits recommended.

5.1. TREASURY MANAGEMENT

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, whilst managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council limits the need to take out actual borrowing by using positive cashflow, largely underpinned by earmarked reserve balances, to fund capital expenditure funded by borrowing, known as internal borrowing.

As a result of decisions taken in the past, the Council as at 31st December 2023, has £140.6m borrowing at a weighted average interest rate of 3.7% and £47m treasury investments at a weighted average rate of 5.16%.

5.2. BORROWING STRATEGY

Whilst the current outlook is for the Council to have significant long-term borrowing requirements, the current strategy is to fund capital expenditure through reducing investments rather than undertaking new borrowing. To clarify, this means deferring new long-term borrowing and funding capital expenditure from day-to-day positive cashflows for as long as possible. By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high.

Whilst investment counterparty risk is minimised through this strategy, the risk of interest rate exposure is increased, as the current longer term borrowing rates may rise in the future. However, long-term borrowing interest rates are broadly similar to short-term borrowing interest rates at present. Therefore, should there be a need to undertake borrowing at short notice, the current similarity in interest rates mitigates the risk to some extent and also ensures the Council is no worse off in the short term. The market position is being constantly monitored in order to manage this risk.

The Council's overall main objective when borrowing is to achieve a low but certain cost of finance, whilst retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (which have traditionally been available at a lower cost) and long-term fixed rate loans where the future cost is known but higher. In the current economic context, short-term borrowing is not much cheaper than long-term borrowing, however this may revert to a more typical scenario in the medium term. The current availability of positive cashflow has meant that the Council has not been required to undertake any significant short-term borrowing recently, although this can change at relatively short notice.

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the CFR (which has been detailed in earlier sections). It should be noted that the estimated projected debt is broadly in line with the Operational Boundary, which acts as a borrowing limit for delivering the Capital Programme, as highlighted in the paragraphs that follow.

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2023 Actual	**31.3.2024 Forecast**	**31.3.2025 Budget**	**31.3.2026 Budget**	**31.3.2027 Budget**
Debt (incl. PFI & leases and ST & LT borrowing)	169	177	206	208	199
Capital Financing Requirement	273	281	300	294	283

As outlined earlier, the forthcoming introduction of IFRS 16 Leases has will result in the CFR and debt identified as relating to leases increasing in future years. The estimated impact of this is reflected in the figures contained within this strategy.

Statutory guidance is that debt should remain below the CFR, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

Operational Boundary: The Council is obliged to approve an operational borrowing limit. This boundary has been set in line with the expected borrowing required to finance the current Capital Programme until 2028/29, taking account of likely levels of internal borrowing and the indicative new borrowing previously outlined. If any increase to the operational boundary is required, this will need to be brought to Council for approval.

Authorised Limit: The Council is legally obliged to approve an affordable borrowing limit for external debt each year. This is the absolute limit for external borrowing and is set in line with the CFR. The authorised limit is greater than the Operational Boundary and provides a buffer for managing day to day cash requirements and undertaking borrowing in advance of need, where appropriate and affordable.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2023/24 limit	**2024/25 limit**	**2025/26 limit**	**2026/27 limit**
Authorised limit – borrowing	245	251	248	238
Authorised limit – PFI and leases	39	51	49	47
Authorised limit – total external debt	**284**	**302**	**297**	**285**
Operational boundary – borrowing	141	157	161	155
Operational boundary – PFI and leases	39	51	49	47
Operational boundary – total external debt	**180**	**208**	**210**	**202**

Whilst the above indicators place a theoretical limit upon the level of borrowing that a council can undertake, they do not, for example, make an allowance for any amount of slippage that may be incurred whilst delivering the Capital Programme, which is likely with such a large programme to deliver. Therefore, to ensure that the level of expenditure to be funded via borrowing is controlled, a local indicator exists which restricts any unfunded expenditure being added to the existing Capital Programme over and above the headroom that is already in place. This indicator is in line with Table 1 of this report and limits additional borrowing for new capital expenditure to £1.057m (to potentially be applied to any year within the programme and shown in 2025/26 for exemplification purposes). Should borrowing above this limit be required, it will need to be approved by full Council.

Table 8: Local Prudential Indicator: New capital expenditure to be funded via borrowing (£m)

	2024/25 limit	**2025/26 limit**	**2026/27 limit**
Borrowing headroom	0	1.1	0

5.3. INVESTMENT STRATEGY

Treasury investments arise from receiving, and then holding, cash before there is a need to pay it out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management. The Council's strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.

Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Currently, the Council is holding a £10m long-term investment in covered bonds, in order to secure its professional client status as part of the MIFID II directive.

Table 9: Treasury management investments in £millions

	31.3.2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget	31.3.2028 Budget	31.3.2029 Budget
Near-term investments	0	0	0	0	0	0
Longer-term investments	10	10	10	10	10	10
TOTAL	**10**	**10**	**10**	**10**	**10**	**10**

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and relevant staff, who must act in line with the Treasury Management Strategy approved by Council. Half-year and end of year reports on treasury management activity are presented Council, with an update on compliance with prudential indicators reported quarterly. The Governance & Audit Committee is responsible for scrutinising treasury management decisions.

Loans to other organisations

The Council can and does make investments to assist local public services, including making loans to businesses to promote economic growth. The Council will assess these opportunities and will only plan that such investments at least break even after all costs. Loans to such organisations will be approved following a due diligence process and formal governance arrangements.

The Council will also use other methods of assisting businesses to promote economic regeneration by providing grants or by allowing rent free periods where the Council is the owner of the freehold.

Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and Monitoring Officer and must meet the criteria and limits laid down in the investment strategy.

6. COMMERCIALISATION

The 2019/20 Capital Strategy contained details of the Council's Commercialisation Strategy, which was agreed by Council during 2019. A feature of this commercial approach was to explore three areas of activity, all aimed at increasing income generation and contributing towards addressing the medium-term budget gap faced by the Council. The three areas of activity were:

1) Current services that could be provided on a more commercial basis - e.g. trade waste
2) New services that could be provided - e.g. energy services
3) Property investment – commercial and residential

As outlined in the 2022/23 strategy, the third element of this approach would entail, in essence, investment primarily for the purpose of yield. This type of activity is now precluded by the Public Works Loans Board no longer lending to local authorities for this purpose and the updated Prudential Code prevented investment funded by borrowing solely for the purpose of yield. Combined with the financial constraints currently being faced, and new borrowing not currently being considered affordable in the short term, this area of the Commercialisation Strategy is no longer being pursued. The first two elements of the strategy are still areas that the Council will consider and potentially pursue, subject to affordability, risk acceptability and the ability to contribute towards the medium-term financial challenges.

7. OTHER LONG-TERM LIABILITIES

In addition to debt of £140.6m outlined above, the Council has a number of other long-term liabilities, which represent potential future calls on Council resources, as follows:

Private Finance Initiative (PFI)

The Council has two PFI arrangements. These are for the provision of the Southern Distributor Road (20 years remaining) and for Glan Usk Primary School (10 years remaining). As at 31st March 2023, the combined value of the liabilities was £38.4m. The Council holds base budget and specific earmarked reserves to cover the future costs of the PFIs.

Pension Liability

The Council is committed to making future payments to cover its pension fund deficit (valued at £96.1m) as at 31st March 2023.

Provisions

The Council has set aside long-term provisions for risks in relation to landfill capping and aftercare, for example.

Contingent Liabilities

The Council also has a number of contingent liabilities, which may or may not ultimately materialise as a call on Council resources. These liabilities are detailed in the annual Statement of Accounts and include potential insurance claims and risks attached to loans extended to external developers. As well as this, the Council has also entered into a number of financial guarantees to act as a guarantor, in particular for the safeguarding of former employee pension rights when their employment is transferred to third party organisations.

8. KNOWLEDGE AND SKILLS

In-house expertise

The overall Capital Programme, Capital Strategy and Treasury Management Strategy are overviewed by the Head of Finance and Assistant Head of Finance, who are both professionally qualified accountants with extensive Local Government finance experience between them. There is a Capital Accounting team consisting of experienced qualified and part-qualified accountants who maintain Continuous Professional Development and attend courses on an ongoing basis to keep abreast of new developments and obtain relevant skills. In addition, there is a Treasury Management team who manage the day-to-day cash-flow activities and banking arrangements of the authority. Members of this team, again, attend the necessary courses and training and have an extensive amount of experience.

External expertise

All of the Council's main capital projects are overseen by project teams comprising the relevant professional disciplines from across the Council. When required, external professional advice is taken, primarily from the Council's property advisors, Newport Norse. The Council also engages with external treasury advisors for advice in relation to treasury management matters.

Members

Training is offered to members to ensure they have up to date skills to make capital and treasury decisions. Training has been provided as recently as December 2023. A register is also kept on member attendance. The Council also involves members at an early stage of a project's life cycle. In addition, the members of the Governance & Audit Committee have received specific treasury management training, delivered by the Council's external treasury advisors.

9. SUMMARY

- Capital expenditure plans for the Council need to be affordable, prudent and sustainable.

- The revenue budget includes the estimated revenue costs for the entire proposed capital programme, which includes a small level of approved headroom, and indicative borrowing headroom, for additional capital projects to be added without impacting further on the MRP budget, as per the agreed framework.

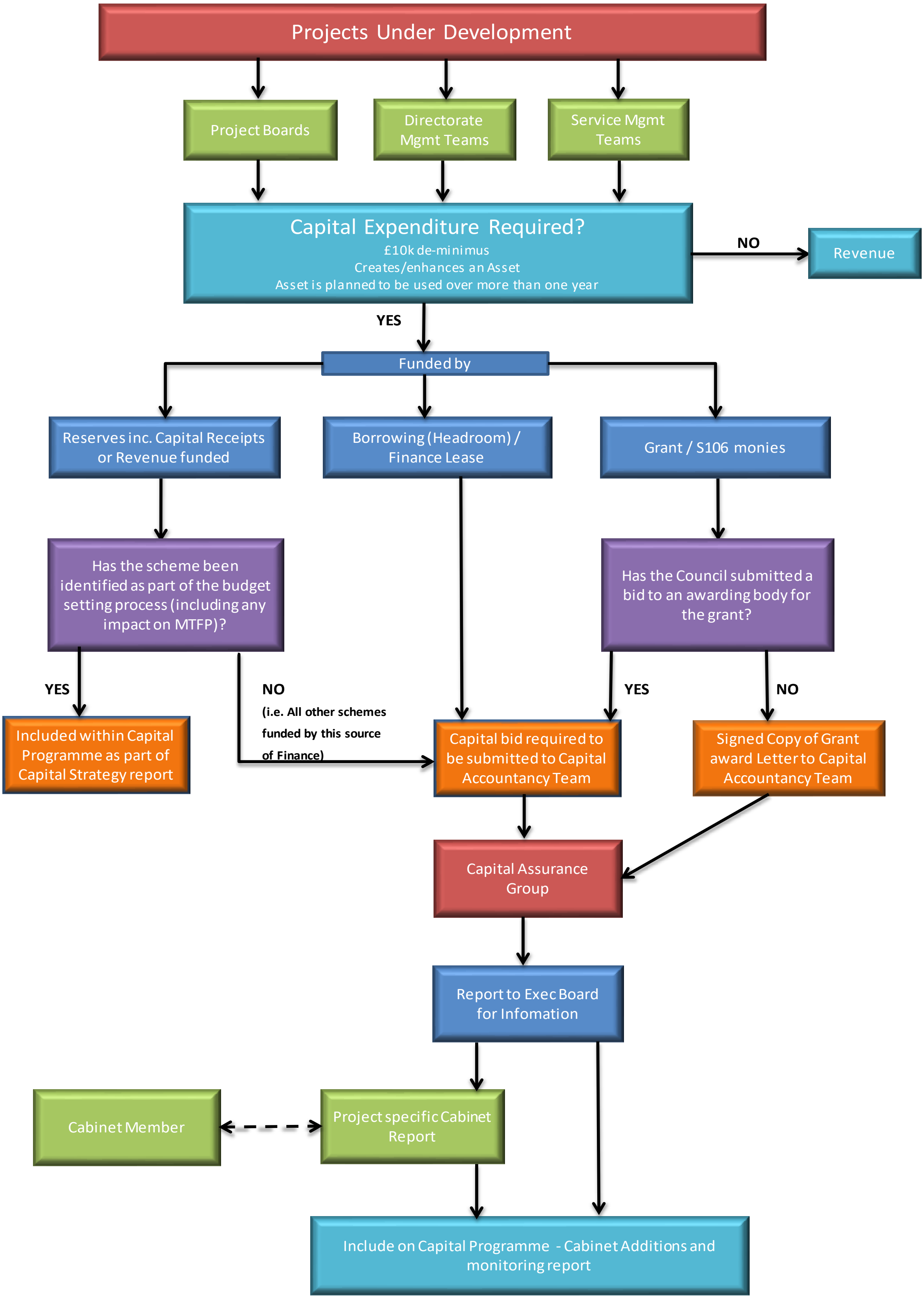
- There are a number of demands on the capital programme and there is the continual need to link the capital strategy with a number of strategic plans across the organisation. This is to ensure that the pressures on the capital programme are known and the risks are assessed and prioritised within an affordable framework. This will include clear visibility and assessment of demand for schools, highways and other operational assets.

- Decisions on funding capital expenditure through borrowing locks the Council into committing revenue funding over a very long period (as long as 40 years +). With the capital financing costs increasing over the long-term, as shown in Chart 2, the Council will need to take careful decisions when developing the Capital Programme, and prioritise accordingly, to ensure the capital plans remain affordable, prudent and sustainable.

- The Treasury Management Strategy, detailed in Appendix 3, highlights the Council's approach to managing its borrowing and investments. The proposed strategy for 2024/25 is in line with previous years and is based upon a low-risk approach to both investments and borrowing. This means that investments held are generally low in value and the approach to borrowing is to look for security of costs, resulting in a generally high proportion of long-term borrowing compared to short term borrowing.

APPENDIX 2a – Capital Additions Process Map

NO CABINET MEMBER/CABINET REPORT SHOULD BE SUBMITTED UNTIL THIS PROCESS IS COMPLETE



Appendix 3

Treasury Management Strategy Statement 2024/25

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

Revised strategy: In accordance with the WG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

External Context

Economic background: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2023): Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A. For the purpose of setting the budget, it has been assumed that new long-term loans will be borrowed at an average rate of 5%.

Local Context

On 31st December 2023, the Authority held £140.6m of borrowing and £47m of treasury investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	**273.3**	**281.1**	**299.7**	**294.4**	**282.8**
Less: Other debt liabilities *	-38.5	-36.2	-49.0	-46.8	-44.3
Loans CFR	**234.7**	**244.9**	**250.7**	**247.6**	**238.5**
Less: External borrowing **	-130.3	-130.3	-105.2	-99.3	-95.4
Internal (over) borrowing	**104.4**	**114.6**	**145.4**	**148.4**	**143.1**
Less: Balance sheet resources	-130.5	-104.0	-93.8	-86.8	-83.8
Treasury investments (or New borrowing)	**26.1**	**-10.6**	**-51.6**	**-61.6**	**-59.3**

* leases and PFI liabilities that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £59.3m over the forecast period. This is broken down into £34.9m refinancing of maturing existing borrowing and £24.4m additional net external borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2024/25.

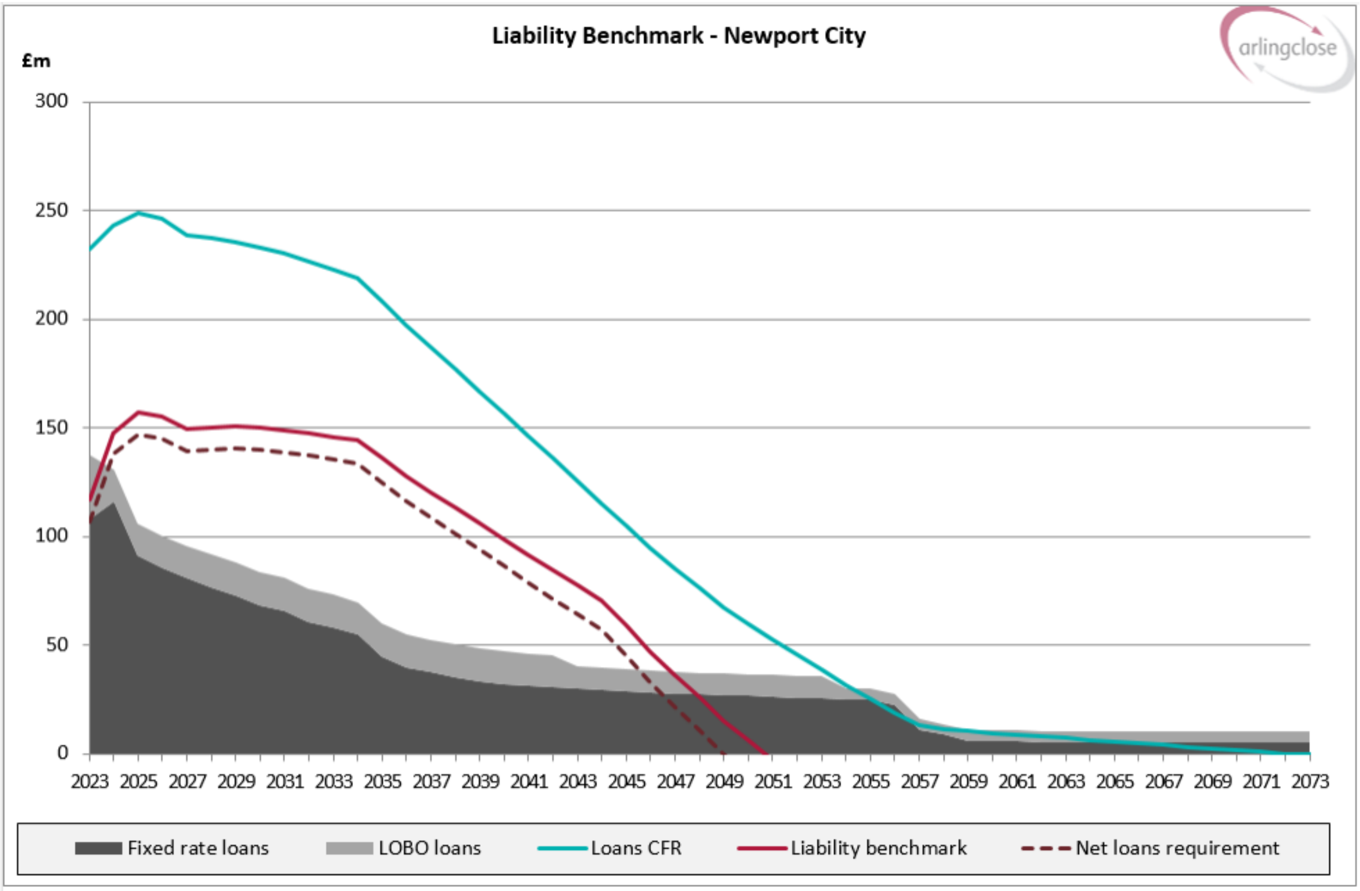
Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	234.7	244.9	250.7	247.6	238.5
Less: Balance sheet resources	-140.5	-114.0	-103.8	-96.8	-93.8
Net loans requirement	94.2	130.9	146.8	150.9	144.7
Plus: Liquidity allowance	10	10	10	10	10
Liability benchmark	**104.2**	**140.9**	**156.8**	**160.9**	**154.7**

Following on from the medium-term forecasts in Table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £7m a year from 2027/28 and minimum revenue provision on new capital expenditure based on an average 25 year asset life. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



The chart above shows actual borrowing maturing over time (grey area reducing), however the need to borrow (the blue CFR line) is increasing sharply over the short term due to the proposed capital programme. Over the long-term, to ensure a sustainable position, the CFR needs to stop increasing and ideally come down in order for the liability benchmark to stabilise. This, in turn, reduces the need to borrow and consequent pressure on the capital financing budget. Its important to note that, even with limited planned unfunded capital expenditure beyond the medium term, the liability benchmark doesn't reduce to current levels until circa 2037. Therefore, the chart is demonstrating the following important points/assumptions:

- To be sustainable, the CFR cannot continue increasing at the rate it is currently, and a prudent limit should be placed on the future capital programme to reduce the CFR over the long-term (set out further in the Capital Strategy)
- The ability to use further internal borrowing will diminish, with internal borrowing reducing over time as reserves are utilised.
- As existing borrowing matures (grey area reducing) there will be the need to refinance this debt over the long-term.
- The liability benchmark is increasing significantly in the short term, meaning that the Council will be required to undertake new borrowing over time, although the revenue impact of this is already funded, assuming interest rates don't increase significantly from the current position.
- The only way to reduce this need to borrow is to reduce the level of capital expenditure funded by borrowing.

Borrowing Strategy

The Authority currently holds £140.6 million of loans, an increase of £2.7 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 1 shows that the Authority expects to borrow up to £41.5m in 2024/25. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £251 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but may consider long-term loans from other sources including banks, pensions and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- Capital market bond investors
- Retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- Sale and leaseback
- Similar asset based finance

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £15m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £15m of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is now a good chance that lenders will exercise their options. If they do, the Authority will seek to take the option to repay LOBO loans to reduce refinancing risk in later years. Total borrowing via LOBO loans will be limited to the £15m already in existence.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £33.6m and £80.7m, although it is expected that investment levels will average little over £10m during the 2024/25, as the Council's internal borrowing capacity is reduced.

Objectives: Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: As demonstrated by the liability benchmark above, the Authority expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification in the form of a strategic pooled fund portfolio.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

Business models: Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£25m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£5m

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £20m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds (which the Authority currently has invested in) and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £112.3 million on 31st March 2024 and £102.2 million on 31st March 2025. In order that no more than 15% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1 million in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country

Liquidity management: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

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

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

Interest rate risk indicator	**Limit**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£250,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£150,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	**Upper limit**	**Lower limit**
Under 12 months	60%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%

5 years and within 10 years	40%	0%
10 years and within 20 years	40%	0%
20 years and within 30 years	30%	0%
30 years and within 40 years	30%	0%
40 years and within 50 years	20%	0%
50 years and above	20%	0%

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

Long-term treasury management investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£10m	£10m	£10m	£10m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

<u>Related Matters</u>

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the *Local Government and Elections (Wales) Act 2021* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Head of Finance believes this to be the most appropriate status.

Government Guidance: Further matters required by the WG Guidance are included in Appendix 3c.

Financial Implications

The budget for investment income in 2024/25 is £0.4 million, based on an average investment portfolio of £10 million at an interest rate of 4%. The budget for debt interest paid in 2024/25 is £6.9 million based on the known annual cost of existing borrowing plus assumed new borrowing at a rate of 5%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 3a – Arlingclose Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium- term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix 3b – Existing Investment & Debt Portfolio Position

	31/12/2023 Actual Portfolio £m	31/12/2023 Average Rate %
External borrowing:		
Public Works Loan Board	105.3	3.8
Local authorities	5.0	5.6
LOBO loans from banks	15.0	4.4
Other loans	15.3	3.8
Total external borrowing	**140.6**	**3.7**
Other long-term liabilities:		
Private Finance Initiative	38.4	
Finance Leases	0.1	
Total other long-term liabilities	**38.5**	
Total gross external debt	**179.1**	**0.0**
Treasury investments:		
Banks (Unsecured)	0.5	5.1
Government	7.5	5.2
Secured Investments	10.0	4.3
Local authorities	29.5	5.4
Total treasury investments	47.0	5.2
Net debt	**132.1**	

Appendix 3c – Additional requirements of Welsh Government Investment Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Authority's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Authority's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Authority, and
- investment property provides a net financial surplus that is reinvested into local public services.

Climate change: The Authority's investment decisions consider long-term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED projects and Solar PV, as well as ultra-low emission vehicles. In addition, new schools are now being constructed on a net carbon zero basis.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Loans: The WG Guidance defines a loan as a written or oral agreement where the authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

The Council currently has loans totalling £10.3m as at 31st December 2023. These are all developer loans issued to local enterprises and are secured. The current value of loans issued represent approximately 8% of the useable reserve balance held as at 31st March 2023. The authority's aim when issuing loans is to ensure that they do not exceed 15% of total useable reserves as at the end of each financial year and, therefore, the current value of loans is within that self-assessed limit. The authority is also working to the loan limits set out below.

Table C1: Loan limits

Borrower	**Cash limit**
Local enterprises	£15m
Local charities	£5m
Wholly owned companies	£5m
Joint ventures	£5m
Treasury management investments meeting the definition of a loan	Unlimited

The Authority uses an allowed 'expected credit loss' model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Authority has appropriate credit control arrangements to recover overdue repayments in place.

Non-specified investments: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table C2; the Authority confirms that its current non-specified investments remain within these limits.

Table C2: Non-specified investment limits

	Cash limit
Units in pooled funds without credit ratings or rated below A-	£10m
Shares in real estate investment trusts	£10m
Shares in local organisations	£10m
Total non-specified investments	£15m

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2023, the Authority's investment property portfolio is anticipated to provide security for capital investment, since its fair value totals £15.812m and is likely to exceed the original purchase price (as in a number of cases, the purchases took place a significant amount of time ago). The authority will undertake further work to confirm, wherever possible, that the necessary security exists.

The Authority consider that the scale of its commercial investments including property are proportionate to the resources of the authority since such investments represent just 11% of its £139m useable reserves.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. However, the Council is not actively pursuing a strategy of acquiring investment properties. Therefore, the current level of investment properties, which represents a relatively low proportion of useable reserves, is not likely to increase in the near future. As a result, it is not anticipated that these investments will need to be liquidated in the medium term.

Because the invested funds, if required, would potentially take time to be liquidated, the authority ensures that it holds adequate available cash balances to be able to, for example, repay capital borrowed. In addition, the authority holds a minimum £10m in investments (to meet Mifid II requirements) which could, if needed, be liquidated at relatively short notice, although this would be avoided if possible to ensure that the professional client status could be retained.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and Newport Norse as property investment advisers. The quality of these services is controlled by regular review of the services provided by both advisers and regular strategy meetings with them.

Borrowing in advance of need: Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.

Capacity and skills: The authority ensures that members and statutory officers involved in investment decisions have the appropriate skills, capacity and information to take informed decisions, assess individual investments in the context of strategic objectives and risk profile, and how the quantum of decisions impact upon the overall risk exposure of the authority. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advise from its independent advisers regarding investing and borrowing activity.

Commercial deals: Any commercial deals that the Council would be involved in would involve statutory officers in those discussions and any final decisions. This ensures that the core principles of the prudential framework and the regulatory regime of the local authority is adhered to when making such decisions.

Corporate governance: The Council has a clear corporate governance framework set out within its constitution, scheme of delegations and Annual Governance Statement. This ensures that decisions regarding investment are taken at the appropriate level. For example, the overarching treasury strategy and framework is approved by full Council. Operational decisions, such as day to day cashflow management, including borrowing, are delegated to the Head of Finance.

Appendix 3d – Minimum Revenue Provision Policy

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.

The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Welsh Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For supported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments. This is currently deemed to be an average of 40 years.

- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in on an annuity basis with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.

- For capital expenditure loans to third parties that are repaid over a short time period (less than 12 months) or frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. The only other scenario whereby MRP would not be charged is where there is unencumbered first charge security, held against separate assets, upon which the loan is secured. For all other capital expenditure loans to third parties, MRP will be charged in accordance with the MRP policy for the assets funded by the loan.

- The MRP policy and charges in relation to the Cardiff Capital Region 'City Deal' will reflect those within the Joint Working Agreement.

Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26.

Based on the authority's latest estimate of its Capital Financing Requirement as at 31st March 2024, the estimated cost of MRP in 2024/25, including finance leases and PFI, is as follows:

	31.03.2024 Estimated CFR £m	**2024/2025 Estimated MRP £m**
Supported capital expenditure	160	5
Unsupported capital expenditure	82	5
Finance leases* and Private Finance Initiative	51	3
Total General Fund	**294**	**13**

Report

Cabinet

Part 1

Date: 14 February 2024

Subject 2024/25 Budget and Medium-Term Financial Plan (MTFP)

Purpose To present to Cabinet the results of the public consultation on the draft 2024/25 budget proposals, as set out in their January 2024 meeting, and provide an update on any changes in budgetary assumptions in the intervening period. Cabinet are requested to agree their final budget proposals and recommend the associated Council Tax level required for consideration at Full Council in their meeting on 29 February 2024.

Author Head of Finance

Ward General

Summary The draft budget proposals for 2024/25 agreed in the January Cabinet meeting have been subject to detailed consultation, and the results have been set out within this report and its appendices.

Whilst the draft Welsh Government funding settlement was received prior to setting the draft budget, the Cabinet will be recommending a final budget and the Council agreeing a final budget and rate of Council Tax before the final settlement is known. Whilst not ideal, this has happened over numerous recent years and whilst no changes are expected other than potentially cost neutral movements in specific grants into/ out of the final settlement, there are potentially more uncertainties coming from this in 2024/25 and the report sets those out and the potential mitigation for these potential risks / uncertainties. Therefore, Cabinet is finalising their 2024/25 budget based on the funding position made up of the draft Revenue Support Grant, the confirmed increase in the Council's tax-base and Council Tax income at the rate that will be recommended at this meeting.

This report summarises the key aspects of the draft budget, feedback on the consultation and other key contextual matters before setting out the current position on the 2024/25 budget which Cabinet will consider. The final proposals will be announced at the meeting, following consideration of the above.

Section:

1 Background
2 Finalising the budget
3 Financial planning assumptions
4 Public consultation
5 Medium term financial plan (MTFP)

6 Risk, reserves, financial resilience, and performance
7 2024/25 proposed Council Tax

Appendix:

Appendix 1	Minutes from the Employee Partnership Forum
Appendix 2	Extracts from Scrutiny Committees
Appendix 3	Extracts from Schools Forum minutes
Appendix 4	Public budget consultation responses and feedback
Appendix 5	Specific responses to budget proposals
Appendix 6	Final Budget investments recommendations
Appendix 7	Final Budget savings recommendations
Appendix 8	Medium term financial plan (MTFP)
Appendix 9	Reconciliation of movements since budget consultation
Appendix 10	Financial resilience snapshot
Appendix 11a	Projected earmarked reserves
Appendix 11b	Summary of transformation fund spend and forecast
Appendix 12	Fees and charges
Appendix 13	Equalities Issues

Proposal

Cabinet is asked:

Budget proposals and medium-term plan (section 3-5)

1. To note the formal consultation on the budget as outlined in section 4 and the feedback received, shown in Appendices 1 to 5.

2. To note the equality issues and the Fairness and Equalities Impact Assessment (FEIA) on the budget proposals, shown in Appendix 13.

3. To review and confirm the final budget recommendations (Appendix 6 - 7), as currently summarised within the medium term financial plan (Appendix 8).

4. To agree the 2024/25 fees and charges of the Council shown in Appendix 12.

Overall revenue budget and resulting Council Tax 2024/25 (section 6 and 7)

5. To note the significant risks and uncertainties within budget planning and specific issues highlighted in Section 6 of this report and the mitigation in place to manage.

6. To recommend the detailed budget investments and savings and resulting Council Tax rate to full Council, noting that a formal resolution including the Police and Crime Commissioner for Gwent and Community Councils' precepts will be presented to Council on 29 February.

7. To approve expenditure and use of the Transformation Fund in line with the summary shown in Appendix 11b, noting they are based on detailed proposals reviewed by Cabinet in their January 2024 meeting.

8. To approve the repurposing of earmarked reserves as set out in paragraph 6.7.

Action by Head of Finance – (i) finalise Council Tax calculations in line with agreed Cabinet Council Tax rate for Council's February meeting (ii) prepare budget papers in line with agreed Cabinet proposals for Council's February meeting.

Heads of Service – implement all delegated savings with immediate effect.

Timetable Immediate

This report was prepared after consultation with:

- Leader of the Council
- Chief Executive
- Strategic Directors
- Head of Law and Standards
- Head of People, Policy and Transformation

Signed

1 Background

1.1 Budget preparations for 2024/25 continued to be challenging and the draft budget agreed in early January 2024 set out the position and how it had changed from that anticipated in the February 2023 position reported to both the Cabinet and full Council.

1.2 The 2024/25 budget shortfall presented to Cabinet in January 2024 confirmed a significantly lower 'budget gap' from that anticipated and reported back in February 2023 - from c£15m in February 2023 to c£3.8m in January 2024.

This reduction had come about primarily from funding improvements. Whilst service area budget pressures had increased, they were mitigated by lower cost/inflation increases, itself primarily due to lower energy prices. New saving proposals to meet the budget shortfall was £4,417k and this was in addition to existing savings full year impacts of £713k being implemented. The table below summarises the draft budget position.

Table 1. - The 2024/25 draft budget

	£k
Funding increase - RSG	13,450
Funding Increase – Teacher's pension	3,419
Funding Increase – Council Tax	6,454
Prices / Inflation pressures	17,678
Service pressures / Investments	9,450
Budget Gap	**3,805**
Savings – previously approved / new	5,130
Temporary use of reserves	400
MTFP Balance	**(1,725)**

1.3 As always, the budget process has continued since Cabinet agreed the detailed budget proposals for consultation. The table below sets out the changes that have arisen during this time, mainly relating to (i) responses to some of the anticipated changes to specific grants outlined in the Welsh Government draft settlement and (ii) confirmation of other / new cost pressures and (iii) new savings in non-service budgets with no service impacts, and the revised MTFP reflects the current budget position.

Table 2. 2024/5 budget - Key changes to pressures/ investments since January draft budget

MTFP Balance – draft budget	**(1,725)**
<u>New/Updated budget pressures</u>	
Investment in staffing structures within Housing	577
Increase in Fire Levy budget provision	340
Increase in revenue budget contingency	263

New / Updated funding and savings	
Additional Income from Council Tax premiums	(600)
Savings from Non-Service budgets from budget realignment to match costs	(150)
Updated MTFP 'gap'	**(1,295)**

A full reconciliation of movements since December Cabinet can be found in Appendix 9.

1.4 The Council's final settlement will be announced in early March 2023. The Cabinet are therefore being asked to approve their final budget recommendation and Council Tax levels to Council without the certainty of that. There are a number of adjustments expected in that or potentially early on in the financial year outside of the core RSG funding settlement.

- Funding of increased employers pension contribution for teaching staff. This cost is included in the budget proposals within schools funding. This is expected to be £3,419k and the budget here assumes it'll be fully funded by the Welsh Government. Ministers have confirmed that funding received from UK Treasury will be passed to Councils but there is a risk that it could be lower than needed.
- Funding of increased employers pension contribution for firefighters. It is not known yet if that funding will be passed direct to the Fire Authority or to Local Authorities; the latter option resulting in an increased fire levy. As above, there is a risk that the value could be lower than needed.
- Changes in specific grants. There were a small number of grants not finalised at the draft budget stage and won't be confirmed until the final settlement stage, at an all-Wales level. In addition, it is known that a number of grants will be transferring into the settlement and others amalgamated and used more flexibly which is welcome on one level. As always, there is a risk that grants transferring or confirmed may be reduced from current levels. The budget here makes no allowance for any reductions/increase and therefore, as always, the working policy that services will adjust service provision in line with grant funding availability, wherever possible, continues.
- The UK Government announced new and additional funding for Local Government in England on the 24th January and the Welsh Government are anticipating c£25m in additional consequential funding from that. At the time of writing, the Welsh Government announced they would distribute a further £25m to Local Government in the final settlement with £10m used to reverse the reductions in social care workforce grants announced in the draft budget settlement. The budget position in this report includes that assumption. The distribution of the balance to individual Councils of the increased funding is not yet known with certainty and will therefore be announced at the Cabinet meeting itself.

1.5 It should be noted that there has been an update to the fees and charges schedule (Appendix 12) since the draft budget was published. This update relates to Trade Waste charges and is the result of changes in legislation for workplace recycling which come into force from April 2024. The legislative changes have necessitated a review of the service, which has only recently concluded. The new charges are being introduced to ensure compliance with the new regulations. The charges only apply to services purchased from NCC, with private waste companies being free to set their charges as they see fit and business can choose who to purchase services from.

2 Finalising the budget

2.1 Within the context of the above, Cabinet have considered their final budget decisions. In doing this, key considerations include:

(i) key assumptions and budget proposals included within the draft budget – section 3;
(ii) results of the public consultation – section 4;
(iii) the medium-term context within which Cabinet are making this decision – section 5;
(iv) financial risks and reserves – section 6.

3 Financial planning assumptions

3.1 The key assumptions included in the development of the 2024/25 budget and the medium-term financial plan (MTFP) was reported to Cabinet in their January meeting when they agreed their draft budget. They are replicated here for information as Cabinet now considers and confirms their final budget, including the quantum of budget investments and savings in their draft budget and those additional items shown in Table 1 above.

As always, future years assumptions are subject to ongoing review.

Table 3: Financial implication of key assumptions

	2024/25 **Actual**	**2025/26** **Budget Planning Assumption**	**2026/27** **Budget Planning Assumption**	**Sensitivity Analysis** **+/- 1% change**
RSG Increase - core	13,450k	-	-	£3,000K
RSG Increase – data driven changes		500k	500k	n/a
Council Tax – 8.5% 24/25 and 4% thereafter	7,195k	3,521k	3,662k	£711K
Pay inflation – weighted average 4.9% 2024/25 and 3% thereafter	10,153k	8,026k	7,528k	Teacher's - £550k NJC - £1,150k
Contract inflation – various	7,562k	10,562k	11,352k	Energy- £110k Care providers - £666k

Increasing costs and demand

<u>Inflationary Increases</u>

3.2 Inflation has fallen significantly since the current year's budget was set and currently stands at 4% (CPI). There are still areas of high price increases but in general, the

2024/25 budget and future year assumptions have been reduced, more akin to general historical levels in the later years of the MTFP.

3.3 Contract inflation is applied to budgets only where the Council has a contractual commitment for increased costs or where costs unavoidably increase outside of the Council's direct control, ensuring that budgets are set at a realistic level, for example social services community care contracts that incorporates the living wage uplift payable to staff plus the running costs of the homes.

3.4 Of the £6,717k contract inflation in 2024/25, that is mainly made up of the following:

- £5.1m in relation to social care commissioning contracts which are set, in part, with the Living Wage increases to maintain ability for staff in the sector to be at least paid this.
- £0.4m in relation to payments to foster carers.
- £0.6m in relation to levies to organisations such as Natural Resources Wales.
- £0.4m in relation to transport, particularly home to school transport.
- £2.1m in relation to various contracts for supplies and services, such as school catering and Additional Learning Needs provision.
- £1.8m of negative inflation in relation to energy, resulting from a fall in energy prices that will be experienced during 2024/25.

Staff Costs

3.5 As always, there is uncertainty in respect of pay inflation as these are generally set and agreed annually and a few months into the financial year. The 2024/25 budget includes:

- A cash value of £1,340 against every NJC pay point up to point 43 and 2.6% on pay points from point 44. This amounts to a percentage increase of 6% on the lowest pay point and 2.6% at pay point 43. As a weighted average, across the total pay bill, this equates to an uplift in pay of circa 4.9%.

  This follows the pay award framework used over the last two years, albeit at lower levels (£1,925 on pay points in each of last two years).

- A 4% increase in teachers' pay levels. This more traditional structure has continued to be used for teacher's pay.

- Thereafter, the MTFP assumptions for pay are increases of 3% per annum for all staff groups.

Service Demand

3.6 Alongside inflationary pressures, the Council is experiencing exceptional levels of demand and cost pressure in some areas; most significantly in Children's Services and Housing Services, linked to Homelessness.

- The Children's social care pressure is linked to the number and complexity of placements for children looked after. Whilst new 'Eliminate' Grant funding was awarded for 3 years to 2024/25, it is a pressure on the service/council when the grant ceases as it is being used for day-to-day service costs. In addition to that increased (external) funding, on-going pressures means that a further

£2.6m is required for Out of Area placements and Emergency Placements in the 2024/25 budget.

- Housing services continues to see the growing homelessness demands being seen across the city. The main issues are being caused by the increased demand and also the s/t accommodation available in the city which does not attract full Housing Benefit subsidy contributions; thus leaving the Council to subsidise a large part of that cost. A Transformation plan has been developed by the service which requires permanent investment in their current temporary staff structures to enable them to re-focus and structure that to focus on prevention and increasing the types and tenure of accommodation they access which attracts better Housing Benefit funding. An investment of £600k was included in the draft budget and this final recommended budget includes a further (new) £577k investment.

3.7 Appendix 6 sets out the budget investments over and above inflation. These are investments required to deal with the exceptional levels of demand that the Council is experiencing and to ensure budgets are realistic to deal with the demands being faced within key areas.

Schools

3.8 Cabinet considered the schools' funding position and set it out in their draft budget in early January. That position remains unchanged, and the table below sets out the summary position.

No savings are set for schools' budgets.

Table 4. 2024/25 budget – School funding increases over MTFP period

	2024/25 £k	**2025/26 £k**	**2026/27 £k**
Teaching Staff – pay award assumption	4,026	3,367	3,066
Non-teaching staff – pay award assumption	2,404	1,621	1,550
Contract/Income inflation	(589)	1,018	1,142
New & growing schools	(37)	1,273	1,360
Increased employer pension costs - teachers	3,419		
Other school investments	231	519	

Savings

3.9 The identification of new savings is a requirement to balance the budget for 2024/25. The draft proposed savings identified for 2024/25, not including savings approved in previous years, total £4,567k, the detail of which can be found within Appendix 7. This figure includes the addition of further savings totalling £150k, which officers have identified since December. These savings are comprised of relatively small recurring savings in the non-service area, where budgets are being lowered to align with current costs in three specific areas.

Funding – RSG and Council Tax

3.10 As table 1 above confirms, the budget gap and the resulting savings requirement for the Council are significantly affected by funding assumptions – the WG grant and council tax increases.

3.11 In addition to RSG and council tax funding; specific grants are a key element of the Council's funding which often assists in supporting core service delivery. A significant level of specific grant funding is received from WG each year and as already said, we still await the finer details of funding levels for 2024/25 including the impact of some grants being incorporated in to the RSG as well as grants amalgamations and simplification which have been signalled by the Welsh Government.

3.12 We may see a number of grants reduce in cash or real terms during 2024/25 and it is proposed, in line with the Council's current working policy, that service areas deal with these matters with Cabinet Members in terms of identifying issues as they become aware of them and developing necessary solutions to be able to absorb the impact within existing resources. This may involve reducing/ stopping services that WG specific grants no longer fund. These grants will be included within service areas budgets once the value and conditions are known.

4 Public consultation

4.1 The budget proposals agreed by Cabinet in January have been consulted on through a range of stakeholder groups and formats, which are as follows:

- With Trade Unions via the Employee Partnership Forum on 18 January 2024 (minutes included within Appendix 1 and Trade Union responses included within Appendix 5);
- With all Scrutiny Committees in their January 2024 meetings where Members discussed the detailed investments and savings proposals, plus the MTFP. Their reports and conclusions are included in Appendix 2;
- With the Schools' Forum on 18 January 2024. Responses are included in Appendix 3;
- With the public from 11 January to 9 February 2024. An interim analysis of responses, as at 7 February 2024, is included in Appendix 4 (it should be noted that the Cabinet will consider the final consultation responses prior to making any final budget decisions);
- Engagement with Newport Fairness Commission. The commission took a different approach to reviewing the proposed budget, focussing on specific themes, rather than all proposals. Therefore, there is no formal response provided.

4.2 During the 2024/25 budget consultation, 1,397 public responses had been received as at 7 February 2024.

4.3 During the budget consultation we have carried out several engagement exercises with the public, which included:

- A pre-budget public survey to identify the services that matter most to people, as a means of informing medium term budget planning and the investments set out in the draft budget. This survey forms part of an approach to make engagement on the budget and service planning an ongoing process throughout the year;
- Carrying out an online survey via the public Wi-Fi on Newport buses that received 829 responses;

- Promotion via the media to all households using Newport Matters, Council Facebook & Twitter, My Newport customer portal and Council Website;
- Requesting partner networks to circulate details of the consultation e.g. One Newport contacts, Newport Youth Council, 50+ Forum, voluntary sector contacts;
- Engagement with parents through schools;
- Engagement with Newport Fairness Commission;
- Engagement with Newport Youth Council so that young people's voices are included in the consultation;
- Engagement with the public via ward meetings, where requested.

4.4 In addition to completed surveys, representations have been received from organisations and have been considered by Cabinet Members and Officers as part of the budget consultation, these are particularly in relation to the proposals on schools funding

4.5 The comments received in these representations are consistent with those summarised in Appendix 5.

5 Medium Term Financial Plan (MTFP)

5.1 The MTFP is the articulation of the financial challenges and includes the savings identified over the next three years. The scale of the budget challenges significantly outweigh funding increases; therefore, consideration must be given to how the Council is able to continue operating effectively for the residents of Newport whilst maintaining financial sustainability. With savings totalling circa £80m having already been identified over the last decade, it will not be possible to balance the medium term financial position as currently assumed through efficiencies alone. This means that required savings will impact upon front line service delivery. The Head of Finance will continue to work with the Corporate Management Team and Cabinet to develop the budget strategy over the medium term to ensure the following issues and uncertainties are accounted for as appropriate:

- the economic challenge, in the context of major cost and demand pressures.
- increasing demand within service areas over and above provision already made within the MTFP;
- potential financial issues on school budgets.

5.2 The Council has a Corporate Plan covering the period to 2027 and this is supported by various other plans to achieve the outcomes within it. A key plan is the Council's Transformation Plan and that is currently in development. A number of corporate projects are already underway and as already said, Housing services have developed a plan for their demand led challenges. The emerging Transformation Plan will form a key part of the strategy for addressing part of the budget gap in the future and is therefore very important. Therefore, further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability.

5.3 Cabinet is asked to take a strategic medium-term view, and following this consultation period, recommended to agree the MTFP including all budget proposals (Appendix 6 - 7), as summarised within Appendix 8.

6 Risk, reserves, financial resilience, and performance

6.1 A key driver in the budget strategy and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. This next section looks at these issues and identifies how they are dealt with, whilst considering how they influence the Council's 2024/25 budget and medium-term projections.

Risk

6.2 The Council maintains a corporate risk register, which is regularly reviewed by the Corporate Management Team and Cabinet, as well as the Governance & Audit Committee from a procedural / risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required. This was explained and set out in detail for the Cabinet's draft budget in January and is summarised here now.

6.3 The Quarter 2 Corporate Risk Register identifies 15 risks that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations. Overall, 9 of these risks are severe. There are several risks identified in the risk register that to fully mitigate would be unaffordable. In these cases, the risk is identified, and the Council needs to consider and assess how best to mitigate and continue lobbying WG to provide more funding in these areas, as these risks are not unique to Newport.

6.4 Four current risks with significant uncertainty are (i) stability of social services providers, (ii) pressures on adult services (iii) pressure on delivery of children services and (iv) pressure on housing and homelessness services. A number of budget investments /pressures are included in this draft budget which directly impact positively on some current risks in the corporate risk register:

RISK	DRAFT BUDGET
Demand for education Additional Learning Needs / Special Education Needs support Education out of county placements	budget pressure included in the draft budget
School Finance / cost pressures	no savings included for schools in the draft budget funding of increased school pupil numbers in the draft budget
Pressure on housing and homelessness	budget pressure included in the draft budget
Stability of social care providers Pressure on adult services	budget inflation fully funded to maintain at least a living wage level to care providers' staff in the draft budget
Pressure on delivery of children's service	budget inflation fully funded to maintain at least a living wage level to care providers' staff in the draft budget budget pressure for increased demand and

	investment in the safeguarding hub included in the draft budget
Welsh Government net zero carbon target by 2030	The budget saving for reduced energy costs for 2024/25 allows for the retention of a £500k budget which will be used as a source of matchfunding where external funding bodies, such as WG, require the Council to contribute towards net zero projects that are predominantly grant funded.

6.5 Outside of the risk register, and as noted in this report above, there are also other key issues and risks which the Cabinet's attention needs to be drawn too:

- Uncertainty on the adequacy of funding for the employers increased pension contribution for teachers and firefighters as explained in 1.4 above.
- A risk regarding the 2024/25 pay awards, should the final awards exceed the provision contained within the proposed budget.
- Uncertainty related to grant transfers into the final settlement and the amalgamation of current grants as explained in 1.4 above.
- Likely continuation of overspending in housing services on homelessness provision in 2024/25 before their transformation plan takes full effect in the following year and continuing increase in demand on social care services.
- Delivery of the current 2023/24 financial year savings is not yet complete (£1,031k) and there are outstanding elements of previous year savings also outstanding (£105k).

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

Financial Resilience

6.7 A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and Appendix 10 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council. In the context of the challenging economic climate, the budget has the following areas of mitigation which will be required to support the budget challenges and risks set out above.

(i) existing revenue contingency budget £1.373m which will rise to £1.6m with these budget proposals;
(ii) existing revenue budgets not yet committed (capital financing budget), and which are set aside to manage revenue budget risks in the short-term at c£2.2m;
(iii) specific reserves earmarked for uncertainty on pay costs increase at £1.4m,
(iv) specific school reserves forecast at c£10m
(v) potential receipt of further new one-off funding from the additional consequential funding given to the Welsh Government following the announcement of additional Local Government funding on 24th January 2024.
(vi) investment in revenue budgets to mitigate risks on an ongoing basis.

6.8 Key headlines from the above list include:

- Earmarked Reserves: Although the Council's reserves have increased in recent years, nearly all of these are earmarked for specific purposes. However, as a last resort they do provide some mitigation but use of them means that the original purpose would be affected and/or would result in a budget pressure to build those reserves up again, as well as delaying the identification of recurring mitigation for the identified budget gap. The Council has a specific risk to deal with the inherent uncertainty of pay budgets at £1.4m

  The budget recommended requires an annual £400k of reserve funding in Children Services to fund emergency placements budget provision for two years, as they develop and then implement their transformation plan. It is recommended that the Cabinet re-purpose and approve the following reserves for that purpose:

  - General Investment Risk Reserve (£200k)
  - COVID Risk Reserve (£420k)
  - COVID Reserve (£180k)

- Revenue Contingency budget & General Reserves: The (i) contingency base budget and other (ii) specific risk reserves held by the Council are taken into consideration when assessing the level of the general reserve and help to mitigate the risk to the Council. The general reserve is now too low relative to the size of the Council's budget which has increased significantly over the last 5 years as WG funding increased. The general reserves are however, in some respects, a 'blunt tool' to manage risk as they would be required to be increased again straight away if used. In that sense, setting deliverable budgets, managing budgets robustly and having a meaningful level of revenue budget contingency is more effective.

  The final budget proposals here include a budget proposal to increase the level of the Council's budget contingency to £1.6m (from c£1.3m) and this will need to be kept under review in future years. The Head of Finance considers this a required budget investment to manage the increasingly challenging demands on the Council's budgets and medium-term funding outlook. Supplementing it will be the Council's non-committed element of its capital financing budget for 2024/25 at c£2.2m. This is temporary only and is reducing each year as the capital programme is completed but will provide, for example, mitigation for continued increasing demand in housing and children's services for the 2024/25 financial year whilst their transformation plans are implemented. Given the above comments, the Council's general reserves can be maintained at current levels due to the overall level of reserves which, in the last resort, provide more than adequate financial mitigation, albeit with resulting impacts as noted above.

- School budgets- Reserves: The position in relation to school reserves improved after the Covid period and funds built up over those years are now being spent not only on initiatives which gave rise to increased WG funding over that period but also to delay making budget savings which were required as part of the 2023/24 budget. The forecast net spend against school budgets this year will see reserve balances reduce to c£10m by the end of this financial year. It is important to note that school reserves can only be used by each individual school and not generally by the Council.

- The Council is investing significantly in Children's Services and Housing at c£4.1m. This will provide some mitigation for current demand levels.

6.9 The Council is developing a strategic transformation programme and the necessary governance arrangements to review and deliver it and has its 'transformation plan fund' (previously invest to save) reserve to fund the one-off cost of change. The programme is integral to developing ongoing financial sustainability whilst also ensuring key services can be delivered.

Fairness and Equality Impact Assessments (FEIAs)

6.9 In line with the council's legal duties as set out in the Equality Act 2010 and the Welsh Language (Wales) Measure 2015, all proposals that are subject to public consultation have undergone a full equality impact assessment which will be updated as needed for the final Council meeting to reflect public consultation responses.

6.10 Appendix 13 provides the impact assessment for the new saving proposals individually listed in Appendix 7, showing any issues, after mitigation, of any equalities issues that Cabinet and Council need to be aware of.

7 2024/25 proposed Council Tax

7.1 The draft budget included a Council Tax increase of 8.5% in 2024/25 and 4% base assumption in future years.

7.2 The improved RSG, Council Tax increase, budget planning assumptions and savings identified means that there remains a budget surplus of £1,295k. Cabinet will need to decide on how this budget surplus is to be addressed to give a balanced position.

Table 6: 2024/25 available and required budget

The table below shows the available and required budget funding with a 8.5% increase in council tax. Cabinet will be aware that beyond 2024/25 there has been a further 4% increase implicit in the MTFP planning parameters. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 8.5%	£1,497.44
Budget requirement	**£000**
Base budget 2023/24	373,676
Inflation	17,678
Transfer to reserves	429
DRAFT BASE BUDGET 2024/25 (before investments/savings)	**391,783**
Budget investments – (inc. increase of £1,229k required in Council Tax Reduction based on 8.5% Council Tax increase)	11,430
Budget savings	(5,280)
DRAFT BASE BUDGET 2024/25	**397,933**
Draft funding available	
Draft WG settlement	302,972
Specific Teachers' Pension funding	3,419
Current Council Tax at new tax base	84,642
Increased Council Tax @ 8.5%	7,195
Council Tax premiums	600
Use of reserves on a temporary basis	400
Total	**399,228**
Balance to allocate	**(1,295)**

7.3 Before Cabinet can recommend a budget to Council; decisions are required based on the figures shown in the above table. Options include:

- delete previously agreed savings
- providing additional capacity within services or contingencies
- fund new initiatives and policies
- consider the level of Council Tax required to balance the budget. A 0.1% change in council tax equates to £71k. The current MTFP and draft 2024/25 budget assumes an increase of 8.5%.

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?
Previously agreed budget savings not delivered	M	M	(i) robust budget proposal process (ii) robust budget monitoring (iii) programme governance (iv) service planning (v) retention of reserves and budget contingency	Head of Finance/ Heads of Service
Budget savings not delivered on time leading to in year overspending	H	M	(i) robust budget monitoring (ii) programme governance (iii) retention of reserves and budget contingency	Heads of Service Head of Finance
Unforeseen Pressures	H	H	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance/ Heads of Service

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council's soon to be developed transformation plan, savings proposals and protects the financial health of the Council.

Options Available and considered

Cabinet has various options open to them on the detailed proposals contained within this report. Taking a strategic medium-term view, Cabinet should approve the three-year plan as summarised in the MTFP, though they could approve 2024/25 proposals only. For 2024/25 Cabinet must recommend a final revenue budget and resulting council tax level to the Council.

Preferred Option and Why

That Cabinet are asked to approve a three-year MTFP.

Cabinet must set a balanced revenue budget and recommend the related council tax amount required for this level of spending to Council.

Comments of Chief Financial Officer

All financial details are included in the body of this report. The Cabinet have the responsibility to put forward a final budget recommendation to the full Council who will then review and agree the final budget and rate of Council Tax at its meeting on the 29th February.

As the report indicates, the budget has been prepared under continuing increased service demands and resulting financial challenges that come from that. The report highlights a number of key risks; some within the Council's Corporate Risk Register. It is essential that revenue budget contingency is increased and that we augment that with the uncommitted capital financing budget for 2024/25 given continuing demands on services and the time taken to implement and see the full impact of transformation plans. These are outlined in the report and the HoF/S151 officer will provide an overall opinion on the final budget recommendation following the finalisation of the budget. In saying that, budget proposals allow for a reasonable level of revenue budget contingency at this point and whilst not impact free, the reserves of the Council provide further mitigation in the worst-case scenario.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to consider the budget consultation responses and agree the final savings proposals in order to deliver a balanced budget for 24/25. Where the relevant business cases are not delegated to Heads of Service and Cabinet Members in accordance with the Council's scheme of delegation, Cabinet are required to take the final decisions on those business cases in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the budget for 24/25. The implementation of the business cases are executive matters, with the exception of any which purely relate to staffing proposals and operational matters which are non-executive matters delegated to Heads of Service. Business cases which have an impact on the delivery of services, have been the subject of Equality and Fairness Impact Assessments to ensure that the Council has regard to its public sector equality duties under the Equality Act and is also acting fairly in terms of the impact of the proposed changes on service delivery. In addition, where specific proposals have impacted on staffing levels, these have been the subject of a staff consultation process. The setting of the overall base budget and council tax rate for 24/25 is a matter for full Council, as these are non-executive reserved matters under the Constitution. Therefore, Cabinet will need to recommend the final budget and the proposed Council tax increase to full Council for approval in accordance with the Local Government Finance Act 1992.

Comments of Head of People, Policy and Transformation

The 2024/25 Budget and Medium-Term Financial plan gives Cabinet the opportunity to consider the implications and opportunities in the deployment of resources across a range of functions and services over the next three years.

The Council's headcount and full-time equivalent posts have reduced significantly in recent years to meet the financial challenges. Whilst potential impacts on frontline services have been minimised for 2024/25, the Councils workforce will nevertheless be impacted by proposals to deliver services in different ways or to reduce provision. All staff potentially affected by the budget proposals have been consulted with, or will be as and when necessary, and the relevant trade unions have made representations, which are referenced in this report.

As part of the consultation process, opportunities have been made available for the public to express their views and these are included in the report for the consideration of Cabinet. A significant number of responses have been received via email, on-line consultation pages, through bus Wi-Fi and discussions with stakeholder groups.

The Council is required to ensure it considers the impact of decisions taken now on future generations and also the impacts on protected equalities groups. This has been done through the use of Fairness and Equality Impact Assessments which consider all key savings proposals. It should be noted that meeting the sustainable development principle is becoming increasingly difficult whilst the Council faces both immediate and long-term financial pressures and many achievable savings have already been made in previous years.

Scrutiny Committees

Comments from Scrutiny Committees are included in Appendix 2 of the report.

Fairness and Equality Impact Assessment:
- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The Wellbeing of Future Generations Act 2015, which came into force in April 2016 provides a framework for embedding sustainable development principles within the activities of Council and has implications for the long-term planning of finances and service provision. The business cases used to develop savings proposals include specific linkage with Future Generation Act requirements of the "five ways of working".

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

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

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

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

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

The Well-being of Future Generations Act has involvement as one of the five ways of working under the sustainable development principle. Involvement in the development of this budget has included a seven-week period of public consultation and consultation with Trade Unions via the Employee Partnership Forum, with all Overview and Scrutiny Committees, with the Schools' Forum and with the Council's Fairness Commission.

Consultation

Consultation on the budget has been undertaken, as outlined in section 4 of the report and within the appendices.

Background Papers

January 2024 Cabinet report - 2024/25 Budget and Medium Term Financial Plan

Dated:

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Appendix 1 – Extracts from minutes of the Employee Partnership Forum

Meeting held on 4th January 2024

2 Budget Update

The Assistant Head of Finance presented the budget update as per the slides.
The HR & OD Manager outlined the staff consultation process in addition.
The chair agreed as the papers were not yet published for Cabinet we would defer to comments from trade union colleagues on the 18 January 2024.

Meeting held on 18th January 2024

4 Budget Follow Up

The Assistant Head of Finance (AHOF) presented the budget update as per the slides circulated.

As papers were not yet published for Cabinet at Budget EPF on 4 January, item deferred to 18 January for comments from trade union colleagues.

S Belcher thought the non-teaching pay inflation of £1,340 cash increase from April was optimistic and disliked support staff being named as ‘non-teaching’.

AHOF stated that it is difficult to project when planning since the Autumn, but there are contingencies in place and a pay reserve.

The Cabinet Member for Organisational Transformation, Cllr Batrouni noted the use of the term ‘non-teaching’.

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Minutes

Performance Scrutiny Committee - Place and Corporate

Date: 15 January 2024

Time: 12.00 pm

Present: Councillors M Howells (Chair), J Cleverly, S Adan, J Harris, G Horton, A Pimm, C Reeks, J Reynolds and K Thomas

In Attendance: Paul Jones (Strategic Director – Environment and Sustainability), Rhys Cornwall (Strategic Director – Transformation and Corporate Centre), David Walton (Head of Housing and Communities), Silvia Gonzalez-Lopez (Head of Environment and Public Protection), Stephen Jarrett (Head of Infrastructure), Tracey Brooks (Head of Regeneration and Economic Development), Elizabeth Bryant (Head of Law and Standards), Tracy McKim (Head of People, Policy and Transformation), Meirion Rushworth (Head of Finance), Mark Howcroft (Senior Finance Business Partner (Place and Corporate)), Leanne Rowlands (Democratic and Electoral Services Manager), Neil Barnett (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)

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1 **Apologies**

Councillor Linton

2 **Declaration of Interest**

None.

3 **Minutes of the previous meetings held on 27th November 2023 and 11th December 2023**

The Minutes of the previous meetings held on 27th November 2023 and 11th December 2023 were held as a true and accurate record with the following amendment:

27th November 2023 – page 8, point 6 – ***"The Strategic Director noted that bringing all unadopted roads up to standard would cost £12 million, which is not viable considering the current financial position."*** The Committee wished to include more detail from the discussion in the minutes so residents are aware of the road adoption process. The Scrutiny Adviser advised the Committee that this would be amended.

4 **2024-25 Budget and Medium Term Financial Projections**

Invitees:
- Paul Jones – Strategic Director – Environment and Sustainability
- Rhys Cornwall – Strategic Director – Transformation and Corporate Centre
- Meirion Rushworth – Head of Finance

- David Walton – Head of Housing and Communities
- Silvia Gonzalez-Lopez – Head of Environment and Public Protection
- Stephen Jarrett – Head of Infrastructure
- Elizabeth Bryant – Head of Law and Standards
- Tracey Brooks – Head of Regeneration and Economic Development
- Tracy McKim – Head of People, Policy and Transformation

The Head of Finance introduced a brief overview of the budget process.

Budget Pressures and Investments
The following was discussed:

Housing and Communities
Shortfall in Housing Benefit subsidy arising from increasing demand for temporary accommodation

- The Committee raised concerns about the reduction in the Communities for Work grants by the Welsh Government and its impact on homelessness services. They questioned if the proposed additional funding of £600,000 would be sufficient, considering the £1 million overspend from the previous year. They also enquired about strategic asset investment to address the reliance on bed and breakfast accommodations for temporary accommodation and homelessness. The Head of Housing and Communities advised ongoing work with Registered Social Landlord partners to develop more social and transitional accommodations and emphasised the focus on homelessness prevention. The Strategic Director acknowledged the increasing pressures and the need for a long-term plan to address homelessness, while also highlighting the need to monitor the impact of grant changes and refine the financial position accordingly.

Environment and Public Protection
Costs associated with increasing requirement for tree maintenance

- The Head of Environment and Public Protection explained that the ongoing costs associated with tree maintenance, including the need for intervention in various tree species, are separate from the specific project addressing ash dieback. The maintenance costs are attributed to the ongoing need to manage and maintain trees on public land, adopted highways, schools, and other areas due to issues causing structural damage and the need to increase tree cover. This ongoing maintenance proves to be quite costly in terms of resources.

- The Committee asked about the projected costs for tree maintenance in the next few years, and the Head of Finance confirmed the figures. The Committee expressed the need for clearer communication regarding such budget items. The Head of Finance acknowledged the suggestion of aligning budget reports for better clarity.

- The Committee asked about the Council's equipment and capabilities for tree maintenance in relation to ash dieback and whether any of the allocated £115,000 would go towards plant and equipment. The Strategic Director explained that the majority of tree maintenance work is outsourced to contractors due to the need for specialised machinery, such as cranes, which would not be cost-effective for the Council to own.

- The Committee questioned whether the allocated budget of £115,000 for tree maintenance in subsequent years could vary, and the Strategic Director confirmed that it could fluctuate based on historic performance and the identification of tree defects.

Landfill site closure – associated loss of income.

- The Committee enquired about the £975,000 investment related to the closure of the landfill site and its associated loss of income. The Head of Environment and Public Protection explained that the landfill site at the Docks Way site is reaching the end of its life and will no longer be able to accept waste, leading to a loss of income. The Strategic Director clarified that there are no plans for a new landfill site, as the trend is towards reducing disposal and increasing recycling and incineration. The Committee also sought clarification on the impact of the landfill closure on commercial businesses in Newport. The Head of Environment and Public Protection advised on the upcoming workplace regulations that will require businesses to segregate recycling, leading to a decrease in residual waste. Additionally, the Committee sought assurance that the Council would continue to provide businesses with waste collection services. The response confirmed that the Council would continue waste collection services, and non-recyclable waste would be directed to Trident Park for disposal.

- The Strategic Director clarified that the closure of the landfill site would only affect the disposal of waste into the landfill, and that the site's commercial operations and public waste disposal facilities would remain the same. Additionally, the Strategic Director advised that medium-sized businesses may need to consider alternative waste disposal methods, such as incineration, due to cost-effectiveness and tax considerations.

Infrastructure

Bus station departure charges

- The Committee questioned the £225,000 pressure for bus station departure charges and the lack of a budget allocation for the following year. The Head of Infrastructure explained that public transport operators pay a departure charge to use the bus stations, but the bus industry is undergoing significant funding changes. The end of bus transition funding and the consideration of new funding contribute to the pressure. Increasing the departure charge to cover the gap could negatively impact bus routes and residents.

- The Committee enquired about the previous identification of the budget shortfall related to bus departure charges, which the Strategic Director confirmed would have been covered by subsidies in the past. They also discussed the historical context of the issue, highlighting that the shortfall was not a recent development due to the end of transitional funding. The Strategic Director explained that the costs have increased over the years, leading to the current gap in the budget. The Committee sought clarification on whether the figure represented actual costs or a loss of revenue, to which the Strategic Director confirmed it as a loss of revenue. They also discussed the contributions from bus companies and the impact of the departure charge on the budget shortfall. The Strategic Director emphasised the significant gap between the realistic expectation of bus departures and the budgeted revenue. Finally, the Committee enquired about addressing the issue in the future, to which the Strategic Director explained that once the pressure is addressed, the gap in the budget would be eliminated.

- The Committee expressed their concern about including the bus costs in the budget every year without finding a solution. The Strategic Director explained that one alternative would be to pass the costs fully to the bus companies, but this could result in a significant reduction in bus services. The Committee mentioned the need to wait for the Burns report to assess the impact of any changes.

- The Strategic Director explained that the Council subsidises bus routes in various ways, but this budget investment specifically focused on departure charges. The Chair emphasised the need to understand the current payment before determining if there is a deficit. The Strategic Director clarified that the gap in the budget developed due to a decrease in the number of bus journeys, resulting in a shortfall. The Head of Finance provided additional context, advising that many councils charge bus operators for accessing and using bus facilities to cover the costs of infrastructure maintenance. They acknowledged that the current departure charge may not fully cover the costs but increasing it significantly would require careful consideration. The Committee expressed the need for the cost per trip to align with the actual maintenance costs. The Head of Finance acknowledged the comment and explained that the budget adjustments were necessary to ensure the budget is appropriately sized. The cost per trip could be a topic for discussion during the budget review.

- The Committee questioned why the bus charges were not recurring in the budget and why they were not being included. They expressed concerns about inflation and the potential impact on bus services, suggesting that the budget should reflect these ongoing costs. The Head of Finance clarified that there is an existing budget for departure charges, and the £225,000 mentioned is a reduction in that budget line. The bus companies will continue to be charged for using the bus station, and the adjustment is necessary to ensure the budget is appropriately sized. The Committee asked if there would be additional costs in the coming years, to which the Head of Finance explained that it would depend on factors such as bus patronage and service levels. They acknowledged the need to consider future developments, such as the Burns report and the city centre's housing and transportation provisions. The Head of Finance mentioned that if there is higher patronage and more bus services in the future, there could potentially be savings associated with the budget. The Committee emphasised the importance of considering these factors in the budget and showing indicators of future considerations. The Head of Finance clarified that the Medium Term Financial Plan (MTFP) covers a three-year period and assumes a certain level of bus patronage for the next year and relatively flat levels for the following two years. Adjustments can be made if there are changes in bus services and patronage patterns.

<u>Fleet maintenance – budget pressures in relation to tyres and other supplies.</u>

- The Committee raised concerns about the ongoing budget pressure for tyres and other supplies, questioning whether it would be included in the budget for future years. The Head of Finance confirmed that once a figure appears in the budget, it is assumed to be a permanent and ongoing cost unless there is a negative adjustment in the following year.

- The Committee questioned why the maintenance contract did not include services such as tyre replacement to avoid repeated payments, and suggested renegotiating the contract to include all maintenance services. The Head of Infrastructure explained that they already secure services competitively and ensure appropriate purchasing through term or framework contracts. The Strategic Director advised that the contract is for a specific duration and parts prices tend to increase over time. The Chair asked if the Council leases vehicles, to which the Strategic Director clarified that the discussion pertained to the maintenance of Council-owned vehicles. The Chair suggested that tyre replacement could be included in the lease charge for full repairs. The Strategic Director acknowledged that such negotiations may have been considered during procurement, but factors such as the number of vehicles and the rising costs of parts and staff wages need to be taken into account.

Regeneration and Economic Development

Staffing resource to fulfil the client role in relation to leisure services.

- The Committee requested a broad outline of the new role and if a job description had been written for it. The Head of Regeneration and Economic Development explained that the funding management areas are complex, with a document of about 600 pages outlining the Council's expectations and the services to be delivered by Newport Live. They have monthly liaison meetings with Newport Live to discuss relevant issues, but there is room for improvement in understanding the finer details of the funding management agreement. The Committee expressed the need for a better mechanism to provide feedback from constituents regarding the services of Newport Live. They suggested following up on this matter when someone is in place to address it.

- The Head of Regeneration and Economic Development advised that they have client contracts but not one specifically for Newport Live, which is a significant multi-million pound contract. They believe that having additional resources would help them manage the contract more effectively, as it currently requires a significant amount of their time. While they cannot guarantee savings or efficiencies at the moment, they believe that having more focus and scrutiny on contract management would be beneficial, especially considering feedback from audit reviews. The Strategic Director emphasised that Newport Live is delivering services on behalf of the committee. The goal is to ensure that the Council has enough resources to effectively oversee these services. This is seen as an opportunity to address any deficiencies and improve the overall management of the contract.

- The Committee raised concerns about whether the proposed position is necessary for one person, considering that it hasn't been needed previously. They also highlighted the significant salary of £65,000, which they consider to be a reasonably senior position within the Council. They questioned the savings or benefits that would be delivered by this position, especially in a time of budget cuts. The Head of Regeneration and Economic Development emphasised the importance of maximising efficiency and return on the multi-million pound contract with Newport Live. They felt that having someone dedicated to scrutinising the contract and ensuring accurate reporting to the Council is necessary. While they acknowledged that additional efficiencies may be derived, they currently allocated a portion of their and the service manager's time to this task.

Energy budget requirement for new leisure centre.

- The Committee expressed doubts about the figures regarding the energy budget requirement for the new leisure centre, and commented that £500,000 has been allocated to subsidise the medium-term financial plan for this year and the next, but they believe that it doesn't cost £500,000 to run the leisure centre. They suggest that there may be a surplus from the centre that could potentially cover the £500,000 required in year three. The Strategic Director explained that the current budget associated with Newport Centre for energy is £500,000, which has been treated as a saving for the Council in the next two years. However, it was always understood that this money would need to be returned to the budget once the leisure centre was operational. They highlighted that the Council has benefited from this arrangement for the past two years, and the money would be allocated back into the budget in year three.

- The Committee questioned whether the energy costs would reduce significantly, considering the zero carbon nature of the building and the significant solar investment. They wondered if the costs would be much less than half a million pounds going forward. The Strategic Director responded, explaining that the original budget for energy costs was higher. Adjustments were made when energy prices increased, and some net savings were put forward last year. The challenge lies in the transition from gas to electricity. The savings from using electricity are currently marginal compared to gas, as the price of gas was cheaper. The long-term projection is that the price of gas will increase as necessary, and electricity costs will be lower. The Strategic Director noted that gas cannot be used past 2030, meaning that while there are some savings due to energy efficiency, the fact that gas cannot be used going forward offsets some of those savings.

Law and Standards

Increased contribution to Coroner's Service, resulting from additional staffing resources and the running costs of the new building.

- The Committee enquired about the input of other councils in the increased costs of the Coroner's Service. The Head of Law and Standards confirmed that other councils are fully involved in the process and will contribute based on their population size.
- The Committee clarified that the minimum investment needed from Newport City Council's perspective is £85,000, which is the Council's share of the investment.

Resources (external and internal) required to support the Transformation Programme.

- The Committee asked if there are plans to take into account the Welsh Government's policy of taking profit out of children's care when looking at children's care transformation. The Strategic Director referred to the Eliminate agenda and the regional and Newport transmission teams associated with it, which are already looking at the transformation of children's care. The Performance Scrutiny Committee - People would be involved in the ongoing work related to the transformation. The Strategic Director highlighted the link between the Eliminate agenda and the assets work, with the goal of reducing the burden on the Council and ensuring the right assets are in place for children's services.
- The Committee expressed concern about the high percentage of children in care in the private sector and the need to address the lack of existing assets. The Strategic Director advised of the existence of an asset board and the involvement of the Head of Children's Services in that agenda.

People, Policy and Transformation

Property budget pressures, including income shortfalls and additional maintenance costs

- When advised about the price pressures in estate management, the Committee queried an underspend of £115,000 in 2025-26 that was forecasted. The Head of People, Policy and Transformation agreed to look at these figures and confirm. ***(Following the meeting, it was clarified that the £115,000 was not referring to a future underspend, but the reversal of a temporary budget pressure introduced in 2023/24. The Head of People, Policy and Transformation confirmed that there was an overspending situation year on year.)***

New Budget Savings for Consultation

02 - To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.

- The Committee expressed support for transforming Malpas Court due to its underutilisation, but opposed the closure of Pill Library, highlighting its importance to the BME community and its role in education and language learning. The Committee suggested relocating the Community at Work team to the library space in Bettws Library and utilising it for workshops and services for young people. The Head of Housing and Communities acknowledged the importance of libraries to communities and expressed willingness to consider the Committee's input during the consultation process.

- The Committee questioned the workload and responsibilities of the proposed Community Librarian position, which would replace two grade five posts. They expressed concern about one person covering the entire area of Newport and requested more details on the role's responsibilities. The Head of Housing and Communities explained that the workload would be manageable within the existing structure, with support from the community regeneration manager and library manager. The specific program of events and services would be shaped through consultation and tailored to meet the needs of the community.

<u>03 - Charge for replacement (residual waste) bins</u>

- The Committee asked if there would be any dispensation for residents who are unable to control the safety of their bins, such as those living in areas prone to theft or without secure storage. The Head of Environment and Public Protection clarified that the charging only applies to refuse bins, while recycling boxes and garden waste bins would still be provided free of charge. The provision of bins incurs costs related to managing requests and delivery. The Head of Environment and Public Protection acknowledged that some locations may be more disadvantaged in terms of bin placement, but the measure would apply equally to all residents. The Committee enquired about whether residents were charged for replacement bins in the previous year and the revenue generated. The Head of Environment and Public Protection confirmed that the measure was not implemented in the previous year.

- The Head of Environment and Public Protection confirmed that the charge for a replacement residual waste bin would be £23.70, and this appears in the Fees and Charges section in Appendix 5 of the agenda.

<u>04 - Highways fees and Charges - Increase of Fees by 8%</u>

- The Committee enquired about the allocation of funds for unexpected issues such as potholes and pipe repairs. The Head of Infrastructure explained that there is a revenue budget specifically designated for reactive maintenance, including pothole repairs. The budget is utilised on an annual basis to address these issues as they arise. Highway inspectors and customer contacts help identify areas that require action related to potholes. The Chair advised the Committee that the Highways Asset Management Plan will provide more detailed information on maintaining and repairing highways, which will be discussed in future committee meetings. The Strategic Director confirmed that the core revenue budget for highways maintenance has not changed as part of the budget proposals.

<u>05 - Reduction in Newport Live Management Fee</u>

- The Committee enquired about whether the reduction in fee is in line with the agreement. The Head of Regeneration and Economic Development explained that the funding management agreement states that the funding will be set each year. However, the fee reduction has not been reviewed since the trust was established and the contract was awarded. Last year, they implemented a 10% reduction in light of the financial situation and the need for businesses to review their operations and delivery. They propose another 10% reduction this year, acknowledging that it may not be necessary to come back every year with the same request. They expressed that, at this time, they consider a further 10% reduction to be reasonable.

06- Closure of Civic Centre for two days a week, reducing spend on utilities

- The Committee asked if the entire building would be closed or if there would still be some areas in use. They also expressed concern about the impact of temperature fluctuations on the building's fabric. The Head of People, Policy and Transformation confirmed that the proposal was to close almost all of the building, with only a few small pockets that required maintenance remaining open. For example, the CCTV staff still needed to work from the building due to the infrastructure involved. They explained that the heating system couldn't be fully compartmentalised due to the building's outdated design. As a result, the proposal aimed to close most of the building, except for the manageable small areas. The Committee acknowledged the challenge of temperature fluctuations and the need to heat the building when people entered, especially considering the fabric's vulnerability. The Head of People, Policy and Transformation agreed that it was a challenge. They mentioned that the proposed closure aimed to extend the weekend by shifting the heating problem from Monday to Tuesday, although there was already a heating challenge on Mondays. They further explained that finding arrangements to close the building for two additional days a week was a real challenge. However, they emphasised the need to explore all budget options and identify ways to achieve savings, with building closure being one of the potential approaches.

- The Committee asked if alternative models, such as closing the building for four days every two weeks, had been considered. The Head of People, Policy and Transformation acknowledged that alternate models could be fedback from scrutiny and explained that this proposal highlighted the cost implications of one day. They advised that different models and different days would result in slightly different savings, as they had calculated based on the varying footfall on different days. The Head of People, Policy and Transformation further discussed the practical considerations, such as handling mail and post, which often required physical scanning and posting, even if electronic methods were used. They noted that many staff did not have printers and relied on coming to the civic building for printing. They emphasised the importance of convenience and mentioned the possibility of exploring other locations.

- The Committee raised concerns about the practical implications of closing the Civic Centre for a few days and asked about provisions made to safeguard employee well-being and ensure the delivery of services, considering the loss of human interaction and collaborative work that occurs in an office setting. The Head of People, Policy and Transformation advised that the unions had been involved in changes to working from home policies. They explained that they would discuss the proposed savings in more detail with the Employee Partnership Forum. They clarified that most Newport City Council staff had contracts allowing them to work from home or come into the building, and some had applied to work full-time from home. They assured that agreements with the unions were in place, but they were also aware of staff who needed to come into the office due to unsuitable home environments or other reasons. The well-being of employees was a priority, and they had conducted staff engagement and well-being surveys to address concerns.

- The Strategic Director added that they had already experienced changes in work practices due to the pandemic and advised of a previous initiative called "The New

Normal," which involved extensive engagement with unions and staff. Many employees already had a hybrid work arrangement, coming into the office for 1 or 2 days a week and working from home for the rest. They acknowledged the complexity of maintaining services that required face-to-face interaction, particularly in departments like social services that had a front door in the Civic Centre. The Strategic Director emphasised the Council's track record of working closely with trade unions to ensure the well-being and welfare of employees. They advised of the ongoing efforts to address concerns and conduct well-being surveys. They also acknowledged the need to consider alternative locations for those unable to work from home full-time and the importance of maintaining engagement and teamwork.

- The Committee enquired whether there were any possibilities of redundancies with the proposal. The Committee were advised that the proposal does not included any staffing impacts because the savings are based on reduced energy consumption.

- The Committee asked if the footfall numbers noted earlier (250 to 300) included both staff and visitors. The Head of People, Policy and Transformation clarified that those numbers were likely only for staff and that they could double-check. They mentioned that the number of visitors to the Civic Centre was generally low, with most coming for specific requirements such as a Taxi Licensing review. They explained that the number of customers visiting would depend on the services located in the building. However, they acknowledged the need to gather more specific figures on visitor numbers. The Committee expressed concern about accommodating visitors who may not have online access or internet and rely on physically coming to the building. They emphasised the importance of informing such individuals that they should visit on Tuesday to Thursday instead of Monday to Friday and ensuring that alternative locations were available for them if needed.

- The Committee inquired about the number of people who visit the Civic Centre on a daily basis, specifically those who cannot work from home and come to the building five days a week. The Head of People, Policy and Transformation advised that the specific data on the number of daily visitors had not been collected yet. They advised that the system for logging in was relatively new, and the footfall numbers provided earlier were averages over a short period. They are currently reviewing the specific needs of departments and services within the Council in case the proposed changes were implemented.

07 <u>- Fraud prevention initiative</u>

- The Committee asked about the process for investigations and potential challenges if someone disputes the accusations. They enquired whether there would be an appeal process, possibly involving Magistrates courts. The Head of Finance responded that they would need to establish their own framework for conducting investigations. They advised that the implementation of the policy would focus on cases where someone had claimed benefits for at least eight weeks when they should not have. They referred to their existing work on the National Fraud Initiative, which involves data matching and investigations resulting in actions being taken. They explained that if deliberate withholding of information was suspected, they would go the extra mile and pursue fines. The Committee then asked about the current appeal process for disputes. The Head of Finance advised they did not have that information but assured the Committee that they would obtain it from the Revenue department.

- The Committee asked about the estimated number of individuals with fraudulent intent per year. The Head of Finance responded that they had made a realistic assumption based on the background information, and the figure they used was 350.

- The Committee asked for background information on the draft budget's mention of legislation for increasing teacher pension costs by £3.4 million. The Head of Finance explained that all public sector pension schemes are valued and revalued every three years to ensure that the funds are sufficient to meet the liabilities. In the case of the teachers' pension scheme, it has been revalued, resulting in a 5% increase in the employer's pension contribution. The £3.4 million figure represents the impact of this increase on the Council's budget. The Head of Finance advised that the teachers' pension scheme is a UK national scheme that applies to all authorities across the country.

- The Committee questioned whether the shortfall in the pension scheme was due to mismanagement by those responsible for it. The Head of Finance clarified that the valuation of the scheme is conducted by the Government's Actuary service, and the cost increase is guaranteed. They explained that they were awaiting final confirmation that the Welsh Government would be funded by the UK government, and if so, the cost would be passed down to local authorities. They assured the Committee that the increase in pension costs would be funded nationally and would not affect Council Tax.

The Chair thanked the Officers for attending.

Conclusions:

Comments to the Cabinet on the following proposals:

a) The Committee noted the budget proposals relevant to the Place and Corporate Directorates and agreed to forward the minutes to Cabinet as a summary of the issues raised.

b) The Committee wished to make Cabinet aware that throughout the meeting and questioning of Officers, the Committee were concerned that the information presented for consultation is poorly presented and easily misunderstood. For example, in the appendices around budget savings over the Medium Term Financial Plan, the documents do not make clear that investments in Year 1 will continue in Years 2 and 3. Members were concerned that the same misunderstanding could be made by members of the public when responding to the consultation. The Committee also wished to recommend that more detailed budget training is provided to all members to help ensure that the documents are fully understood and to enable proper scrutiny to take place.

c) The Committee wished to make the following comments to Cabinet on the Proposals within the Place and Corporate Directorate:

02 - To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.

- The Committee recommended that Cabinet need to ensure that the impact on service users for this savings proposal is minimal. The Committee also suggested that there were other options which don’t appear to have been explored, such as the Community at Work and the Youth Service move into Bettws Library to ensure services are not lost.

- In addition, concern was raised about the workload of the new Community Librarian post that would be created. The Committee felt that it may be too much work for one person and emphasised the need for realistic expectations and ensuring that residents who use the services would see a significant difference.

03 - Charge for replacement (residual waste) bins

- The Committee were content for this proposal to go ahead. The Committee recommend to Cabinet that the policy is implemented with an element of discretion given to Officers on implementation, to protect the most vulnerable individuals across the city as well as discretion to protect individuals who may not be able to afford replacement bins or who may face difficulties in managing their bins due to their living situations.

- The Committee recommended to Cabinet that the Council should implement a coding/labelling system with a barcode on each bin with its address to prevent theft or misuse.

- The Committee also felt that the cost of the replacement bins should have been noted in the main commentary of the savings proposal and not just in the Fees and Charges section in Appendix 5, making it difficult for members responding to the consultation to locate the detail.

The Committee also wished to leave comments on the following Savings investments for the Environment and Public Protection service area:

Costs associated with increasing requirement for tree maintenance.

- The Committee felt that they did not get an adequate explanation on this saving investment, only that contractors were called in for tree maintenance. The Committee were also concerned that the documents did not make clear that the budget increase is £115k in Year 1, £230k in Year 2 and £345k in Year 3. The committee questioned the need for £345k investment in Year 3 and also questioned the need for investment of £690k over a 3-year period.

Landfill site closure – associated loss of income.

- The Committee were content with this savings investment, but wished to comment that consideration must be given to the impact on our net zero targets of having lorries transport waste to other locations to ensure that the net zero goals are not compromised.

The Committee were also concerned about the Stray Dogs Reclaiming Fees within the Fees and Charges in Appendix 5 – regarding dogs reclaimed within 4 hours being charged at £54.00 per dog. The Committee questioned the fairness of the implementation of this fee at the current level and recommended Cabinet gain an insight from the service area into its planned investment. The Committee also asked for further information from officers as to whether there has been an increase in the amount of XL Bully dogs being given up or abandoned since the new laws come into action.

04 - Highways fees and Charges - Increase of Fees by 8%

- The Committee were content with this proposal.

The Committee also wished to leave comments on the following Savings investments for the Infrastructure service area:

Bus station departure charges.

- The Committee wished to recommend that the bus station departure charges should not be added as a permanent budget line. Instead, it should be treated as an annual subsidy or grant to the bus operators, subject to review each year based on the performance of the bus services and other factors. The Committee suggested that this addition to the budget is effectively the council subsidising fares for members of the public and should be credited as such. An additional reason for assessing it each year as a subsidy is the ongoing work by the Burns Transport Commission might have a significant impact on sustainable public transport and mean the subsidy may not be needed in future if user numbers increase. Also, the Council should consider the net zero impact of the bus station charge and explore ways to minimise its impact on bus fares and services.

- The Committee also commented that they would like to consider the bus service charges as a future agenda item to be added to the 2024-25 forward work programme. The Committee asked significant questions to officers around the budget, costs of running the service, rent to Friars Walk, infrastructure costs and were not entirely satisfied with the answers provided. The area is complex and a sustainable, affordable transport network is a vital service, so the Committee felt it would be appropriate to give the area focus and scrutiny.

Fleet maintenance – budget pressures in relation to tyres and other supplies.

- The Committee wished to ensure that the Council follow best value and procurement practices to obtain better value for fleet maintenance services, as well as considering renegotiating the contract for fleet maintenance services to include the cost of tyres and other supplies as part of lease charges.

05 - Reduction in Newport Live Management Fee

- It was acknowledged that the reduction in the management fee would result in cost savings for the Council, but concern was raised about the potential impact it may have on the facilities and services provided by Newport Live. The Committee would like to know what services, if any, may be cut by Newport Live as a result of the reduction in the management fee and at the time of the committee meeting, that information wasn't available to Officers.

The Committee also wished to leave comments on the following Savings investments for the Regeneration and Economic Development service area:

Staffing resource to fulfil the client role in relation to leisure services.

- The Committee questioned whether this resource was needed, as the role was not required in the past, and there was no indication what the extra resource would be made up of as a business case was not presented. The Committee felt that Officers were unable provide acceptable justification for the need for the additional post or whether it was required to be a full-time post. The Committee recommended to Cabinet that it satisfies itself that the post is needed given the budget pressures and the requirement to reduce resources elsewhere.

06 - Closure of Civic Centre for two days a week, reducing spend on utilities

- The Committee recommend that Cabinet put this savings proposal on hold until the proper analysis of the data is understood and the impact that this will have on our people and services. Concerns were raised that more contextual data was needed, such as details of length of time the quoted 250-300 staff were working in the Civic Centre. In addition, no information was available on the number of staff who work at the Civic Centre full-time and no account has been taken of the requirement to heat the building from cold more regularly which could result in higher costs overall. The Committee recommended to Cabinet that whilst this budget line was attractive as a saving, the impact is considerable and should be considered in the wider context of our overall Asset review, as decisions now may affect the ability of that review to rationalise assets in the future. The Committee were also concerned that the timeframe was too short to consult with staff and understand the impact on well-being.

The Committee also wished to leave comments on the following Savings investments for the People, Policy and Transformation service area:

Property budget pressures, including income shortfalls and additional maintenance costs.

- The Committee queried the 2025/26 £'000 column which the service area will review with Finance. The Committee recommended that Cabinet be satisfied with the correct data given to them and that the consultation documents are amended. In general, the Committee were content with this savings investment.

07 - Fraud prevention initiative

- The Committee were content with this proposal but wished to recommend to Cabinet to ensure that the Council develop a robust set of policies and procedures for implementing the scheme to ensure fairness, such as presenting a clear set of parameters for appeals, how they are investigated and how the Council would mitigate the possibility of being fined if appeals are overturned against the local authority. The Committee also cautioned that the costs of the additional investment of resource in investigations and appeals may mean the £70 statutory fine for each case is not worth the effort required to manage the process.

- The Committee would like to receive information about the appeals process for this initiative once available.

The Committee also wished to leave comments on the following Savings investments for the Finance service area:

Resources (external and internal) required to support the Transformation Programme.

- The Committee recommended that Cabinet satisfies itself that these resources are required given the budget pressures and need for savings elsewhere

5 **Scrutiny Adviser Reports**

Invitees:

- Neil Barnett – Scrutiny Adviser

a) Forward Work Programme Update

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

Monday 19th February 2024, the agenda item;

- Highways Asset Management Plan
- Flood Risk Management Strategy

b) Action Sheet

The Scrutiny Adviser presented the action sheet to the Committee and advised of the completed and the actions that are still outstanding.

The meeting terminated at 4.10 pm

Minutes

Performance Scrutiny Committee - People

Date:	16 January 2024
Time:	10.00 am
Present:	Councillors W Routley (Chair), J Cleverly, P Bright, B Davies, D Jenkins, R Howells and D Mayer
In Attendance:	Robert Green (Assistant Head of Finance), Sally Ann Jenkins (Strategic Director - Social Services), Sarah Morgan (Chief Education Officer), Natalie Poyner (Head of Children Services), Mary Ryan (Head of Adults Services), Mandy Shide (Service Manager), Samantha Schanzer (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)

2 **Apologies**

Councillor Drewett and Councillor Townsend

3 **Declarations of Interest**

None.

4 **Minutes of Previous Meeting**

The minutes of the previous meeting held on the 12th December 2023 were agreed as a true and accurate record.

5 **2024-25 Budget and Medium Term Financial Projections**

Invitees:

- **Meirion Rushworth – Head of Finance**
- **Robert Green – Assistant Head of Finance**
- **Sally Ann Jenkins – Strategic Director – Social Services**
- **Mary Ryan – Head of Adult Services**
- **Natalie Poyner – Head of Children Services**
- **Caroline Ryan-Phillips – Head of Prevention and Inclusion**
- **Mandy Shide – Service Manager**
- **Rhianydd Williams – Service Manager Integrated Family Support**
- **Sarah Morgan – Chief Education Officer**
- **Sarah Davies – Deputy Chief Education Officer**

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The Assistant Head of Finance introduced a brief overview of the budget process.

<u>New Pressures and Investments</u>

The following was discussed:

- The Committee enquired about the SEN Out of County and Local Provision pupil demand and noted the increase of 4 places in both Sporting Chance and Catch 22 and asked for more information about this. The Chief Education Officer (CEO) informed Committee that Budget demand for Education is now being met by the Council and this looks at the need to support children that might have to go out of county due to complex needs. The CEO assured the Committee that work is being undertaken to establish local provision where possible and the contracts with current providers will be maintained as they provide around 30 places, but this will provide an additional 4 places if required. The CEO informed Committee that if they aren't used, it would be considered an underspend in the Budget, but the places are needed, and they are positive will be utilised. There is consistent monitoring taking place around who need places and what is available to us and when contracting additional places Quality Assurance checks are carried out to ensure pupils welfare and that the ratios of teacher to student are correct.

- The Committee enquired about the ALN Provision for schools and noted that last year funding was to be confirmed and we were unable to meeting ALN requirements and would like reassurance that this investment will meet requirements. The CEO informed the Committee that there has always been cost pressures around ALN pupils and this has been identified more than ever before. The CEO informed the Committee that due to more complexities with children and people, this investment amount doesn't mean it will necessarily meet all needs however schools have responsibility with wholistic budget to provide for all children, so this investment is in addition to an individual school budget. The CEO informed the Committee that they know the demand on schools, and this won't necessarily provide everything, but it is one additional step to support those recognised challenges. The Committee stated that it is a good thing that there is this additional investment to support ALN students.

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<u>Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.</u>

- The Committee enquired how assistive technology will be used to help reduce the levels of care. The Head of Adult Services informed Committee that they have already started to implement this and there is a smart HUB exhibition in Newport Market which demonstrates how this can be used for things like automatic curtains, and communication with family. They informed Committee that feedback from the public has been positive, but they are ensuring that it is tailored to meet individual needs.

- The Committee enquired that if domiciliary care is looking to be replaced in part by assistive technology that there is an assumption of family support to carry out these checks in place of the domiciliary care. The Head of Adult Services informed the Committee that during the Pandemic there were more family support which is not the case now but for unpaid carers this assistive technology has been a lifeline. They assured Committee that it will never replace the need for domiciliary care but is an addition to it.

Fees and Charges

- The Committee enquired who pays fees and charges to the Council. The Assistant Head of Finance informed the Committee that the headings highlighted in green on the report show who pays these fees and charges, the first set is other Local Authorities and the second is Newport Residents. The charges are the same amounts, but they differentiate between who is paying. The Head of Adult Services informed the Committee that if there is a vacancy that a neighbouring authority wishes to use, they get charged at the same rate as Newport residents as it is means tested.
- The Committee queried the percentage increase of Appointeeships by 102% and wanted to know why it is such a large increase. The Assistant Head of Finance informed the Committee that this is now reflective following a thorough review and recosting exercise of the service area that has taken place and in cash terms it is not as significant an increase as other services even though the percentage is high. The Head of Adult Services informed the Committee that anyone who requires the Appointee services is subject to a full financial assessment of their circumstances.

The Chair thanked the Officers for attending.

6 **Conclusions of Committee Reports**

Comments to the Cabinet on the following proposals:

a) The Committee noted the budget proposals relevant to the People Directorate and agreed to forward the minutes to the Cabinet as a summary of the issues raised.

b) The Committee wished to make the following comments to the Cabinet on the Proposals within the People Directorate:

New Pressures and Investments

- The Committee highlighted that the ALN investment is good for students with complex needs and the Committee are glad that it is now reflected in the Budget.

Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.

- The Committee wanted to ensure that where domiciliary care is being replaced by assistive care that there is sufficient family support in place.
- The Committee wanted to ensure that the delivery of services of important and must not be impacted and highlighted the importance of the continuation of service delivery quality.
- The Committee noted that they are content for proposals to go ahead as they are.

6 **Scrutiny Adviser Reports**

a) Actions Arising

The Scrutiny Advisor provided an update to the Committee on the outstanding actions and the figure for the 1.2% of Education employees has been circulated to the Committee.

b) Forward Work Programme

The Scrutiny Advisor informed the Committee that the next Committee meeting date is the 20th February for the Regulated Service Reports and then the final meeting for this year is on the 26th March for the Recruitment and Retention Reports and an additional item of Key Stage 4 Outcomes.

The meeting terminated at 10:36am

Minutes

Overview and Scrutiny Management Committee

Date:	30 January 2024
Time:	10.00 am
Present:	Councillors P Hourahine (Chair), C Baker-Westhead, B Davies, S Cocks and M Evans
In Attendance:	Rhys Cornwall (Strategic Director - Transformation and Corporate Centre), Tracy McKim (Head of People, Policy and Transformation), Robert Green (Assistant Head of Finance), Samantha Schanzer (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)
Apologies:	Councillors G Horton, P Bright and L James

3 **Declarations of Interest**

None.

4 **Minutes of the Previous Meeting**

- The Committee requested that the wording regarding the City Contact Centre response be reworded for clarity. The Head of People, Policy and Transformation (PPT) informed Committee that there was a customer engagement review currently underway, but would update the action.
- The Chair informed Committee that future mentions of the University of South Wales would be omitted from the minutes unless they were substantial.

The minutes of the previous meeting held **1st December 2023** were **accepted as a true and accurate record.**

5 **2024-25 Budget and Medium Term Financial Plan**

Invitees:

- **Rhys Cornwall (Strategic Director for Transformation and Corporate)**
- **Tracy McKim (Head of People, Policy and Transformation)**
- **Robert Green (Assistant Head of Finance)**

The Assistant Head of Finance gave an overview.

The following was discussed:

- The Committee asked what school budgets being protected meant in real terms, for more detail on school's grants received after the budget had been set and the impact this had. The Assistant Head of Finance informed Committee that no budget savings were being requested from schools, but the budget must increase to cover increased costs and larger numbers of pupils. They informed Committee the formula for schools is prescribed by pupil numbers which was a key factor in allocating the overall budget. They informed Committee that individual school allocations such as grants are channelled through the regional consortium to local authorities (LA). They noted that Welsh Government (WG) have an 2024-25 agenda to reduced and consolidate grants and it would be difficult to determine the exact budget for schools until they received more information, which was likely to be after the budget was set.

- The Committee enquired how these grants were split between the LA and Educational Achievement Service (EAS). The Assistant Head of Finance informed the Committee that each consortium would top-slice each grant to manage their provision. They informed Committee that this could change in future following the new WG changes, but each LA had an input in these decisions taken by EAS as they are stakeholders.

- The Committee queried whether hardening grants into future budgets would provide greater clarity for schools when budgeting. The Assistant Head of Finance informed Committee that WG were not looking to change the temporary nature of grants and the risk of them being cut or removed in future would remain. They highlighted that WG were looking to streamline grants.

- The Committee enquired whether LAs were likely to benefit from the additional funding announced by UK Government to WG and when would WG inform LAs about this. The Assistant Head of Finance noted that there was unlikely to be an announcement from WG regarding this until certainty from UK Government was received. They informed Committee that they could not rely on this funding, but it may be seen in the next financial year.

The Head PPT gave a verbal update on the budget consultation process.

The following was discussed:

- The Committee asked for more information on the Fairness and Equality Impact Assessment (FEIA) process. The Head of PPT informed Committee that an FEIA is carried out on anything that has the potential to impact communities, residents, or staff. They informed Committee that the full list of FEIAs is available on the Newport City Council website, and these were produced early in the process and continuously updated. They noted that FEIAs are produced by people close to the proposal and signed off by Heads of Service.

Conclusion of Committee Reports:

The Committee were content with the budget setting and consultation processes.

The Committee were content to acknowledge the minutes from the Performance Scrutiny Committee – People and the Performance Scrutiny Committee - Place and Corporate for forwarding to Cabinet.

6 **Scrutiny Adviser Reports**

a. Actions Arising

The Scrutiny Advisor noted that there were no new actions.

b. Forward Work Programme

The Scrutiny Advisor noted the date of next meeting to be 8th March 2024

7 **Scrutiny Topic Referral Feedback**

The Committee discussed the feedback. The Committee agreed with the content of the report and recommended that some reformatting be done within the report for clarity.

The meeting terminated at 10.32 am.

Appendix 3 – Extract from School Forum Minutes

Minutes

Newport Schools Forum

Date: 18th January 2024

Time: 3:30pm

Venue: Microsoft Teams

7. 24/25 Budget Proposals – Assistant Head of Finance

LAO provided an update on the budget proposals for 2024/25 for forum to discuss and make any suggestions, see attached.

FM asked if there was an increase of 1% to the NJC pension rate.

LAO confirmed there was a stepped increase in employers' rate and this would be included in the non-teachers' pay inflation figures.

FM stated that if the Post 16 funding remains at 2023/24 levels with no increase this in effect will be a real terms cut.

LAO advised that generally where grants are not cut or new policy, they tend to be flatlined which in effect are real terms cut.

LAO added that we haven't been made aware of the LA allocation yet but at an all-Wales level there had been no reduction to the overall level of funding. The LA are hoping to be able to provide an update shortly.

FM raised that in relation to the proposed reduction in the energy funding, this was not funded last year and asked whether this could be excluded in this years' proposals.

LAO stated its important to understand that last year whilst certain elements were identified as being funded/not funded, this provided a means of calculating the total cash investment to the ISB. Regardless of which elements were funded, the funding was directed via the funding formula to wherever it is needed in order of priority. Where the effect was seen, was across those areas that are based on an available budget ie capitation, resources examination fees etc.

FM acknowledged this but asked that if it possible to not include the energy reduction for schools that would be helpful although it was positive that inflationary cost pressures are included in future years.

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Newport's Budget Challenge

Budget Saving Proposals for 2024-25

The following report summarises the interim results of the consultation surveys on the budget saving proposals for 2024-25. This process took two forms:

- An online public wide SNAP survey for all citizens; and
- A shortened survey involving users of the free bus Wi-Fi.

The consultation ran from the 11 January 2024 and closes on the 9 February 2024.

A total of 1,397 responses were received including 568 through the online consultation survey and 829 through the bus Wi-Fi survey (up to the 7 Feb 2024).

Regarding the online public survey, respondents were asked their opinions on each of the proposals being consulted on including:

- What they think we should do with this saving proposal;
- How important is protecting funding for this service compared to other services; and
- Any other comments about the proposal.

Both the public wide survey and bus Wi-Fi survey also asked respondents their views on the proposed increase in Council Tax.

For each proposal we have included a selection of anonymous comments, in the respondent's own words, that indicate the range of responses received.

In addition, during the consultation period we separately received feedback via emails and letters, with 4 correspondences collected.

Cabinet will be updated on the final consultation results and comments ahead of their meeting on 14th February.

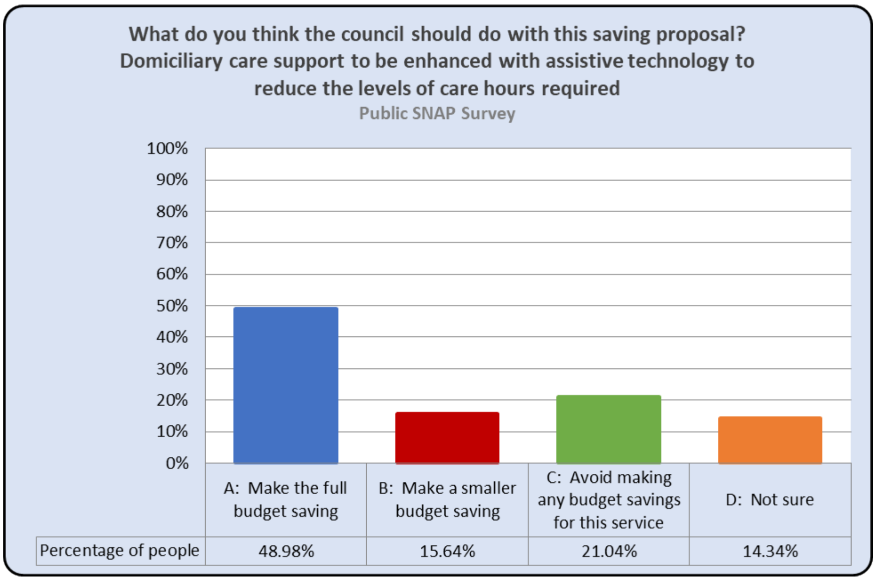
Adult Services

Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required

Q1a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	263	48.98%
B: Make a smaller budget saving	84	15.64%
C: Avoid making any budget savings for this service	113	21.04%
D: Not sure	77	14.34%

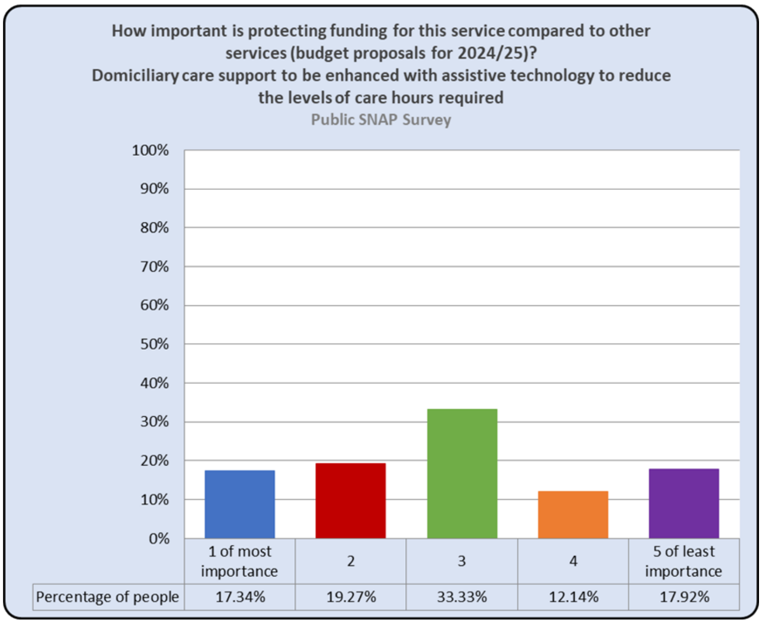
NB: There were 31 no responses.



Q1b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	90	17.34%
2	100	19.27%
3	173	33.33%
4	63	12.14%
5 of least importance	93	17.92%

NB: There were 49 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Good community care will reduce hospital admissions and duration.
- If technology can save money without harming the care service, then we should do it.
- Where done ethically and in the best interests of a person, assistive tech can support independence. This should not be the expense of well-being.
- I feel more training and better pay should be in place to support carers and encourage more people to the role.
- Technology does not replace human contact, and although it can help and aid, it should not be a replacement for care hours provided by a human being.
- It's really important that councils make the best use of technology to keep up with the times.

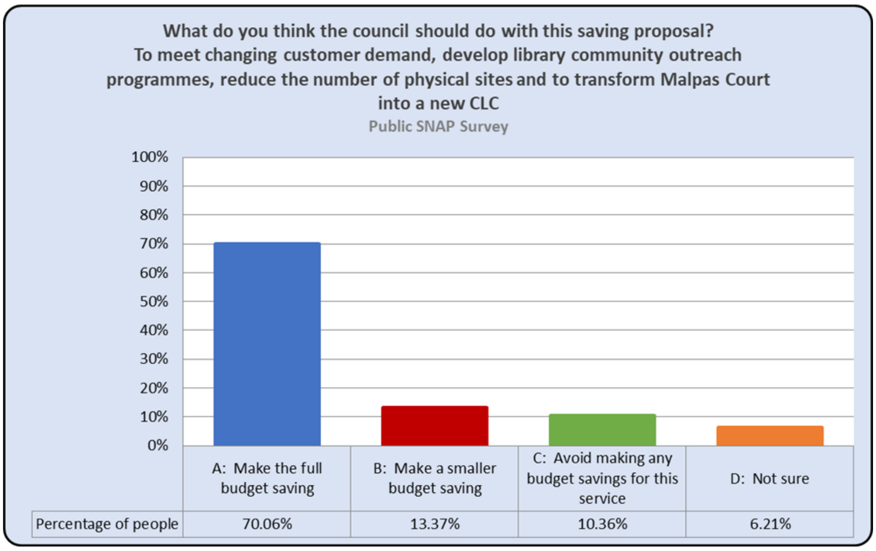
Housing & Communities

To meet changing customer demand, develop library community outreach programmes, reduce the number of physical sites and to transform Malpas Court Mansion House into a new Community Learning Centre.

Q2a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	372	70.06%
B: Make a smaller budget saving	71	13.37%
C: Avoid making any budget savings for this service	55	10.36%
D: Not sure	33	6.21%

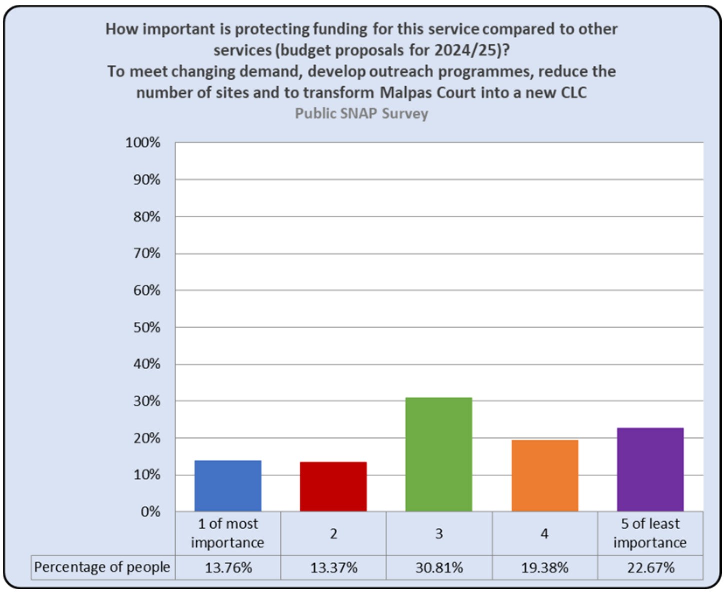
NB: There were 37 no responses.



Q2b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	71	13.76%
2	69	13.37%
3	159	30.81%
4	100	19.38%
5 of least importance	117	22.67%

NB: There were 52 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in the respondent's own words, that indicate the range of responses received:

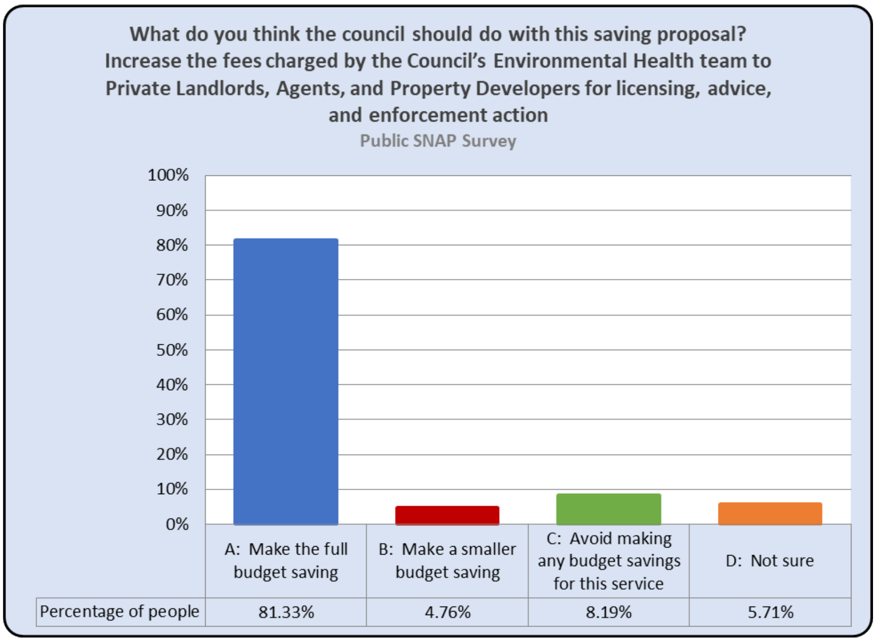
- These are institutions that help people and contribute towards community cohesion and social equality. Library use is down now, but selling the buildings off is a very short term thing to do, especially as there's a growing movement towards localism.
- If you wish to close or reduce services of libraries, you need to ensure the digital offering is fit for purpose too often there is over a twelve month wait for a book or it is not available.
- It sounds like a really good way of moving forwards with existing resources that keeps services relevant. I'd certainly like to see community library resources reach Underwood where access to such things is really limited.
- By NOT moving Malpas Library to Malpas Court would benefit users as access to Malpas Court is restricted.
- If you reduce the availability of the physical libraries, which should be used as warm spaces, then increase the availability of online books. I have to go to the library to take out actual books, but because of the now limited hours they are open this isn't easy. You could use the libraries for children's parties to raise money.
- Reduce the amount of money spent on books further and ensure there are 2 Community Librarians who have a budget to be able to support wider engagement and ensure people see the wonderful value in literacy.

Increase the fees charged by the Council's Environmental Health team to Private Landlords, Agents, and Property Developers for licensing, advice, and enforcement action.

Q3a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	427	81.33%
B: Make a smaller budget saving	25	4.76%
C: Avoid making any budget savings for this service	43	8.19%
D: Not sure	30	5.71%

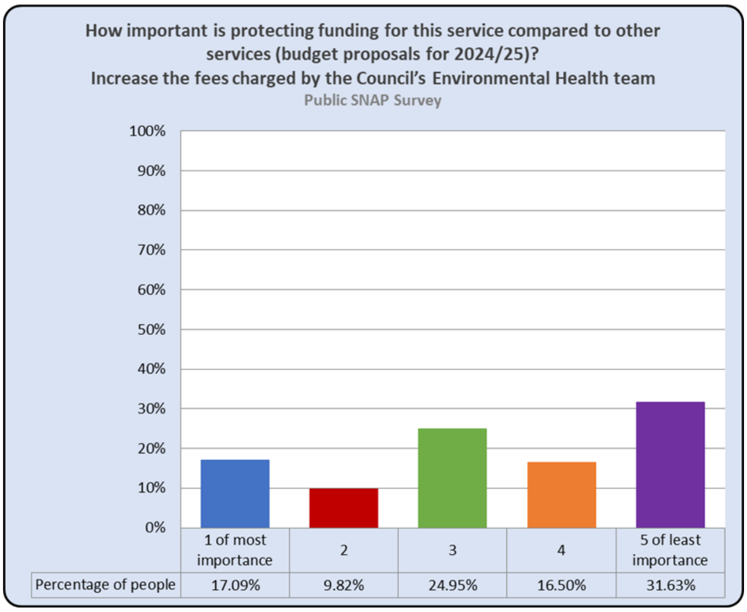
NB: There were 43 no responses.



Q3b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	87	17.09%
2	50	9.82%
3	127	24.95%
4	84	16.50%
5 of least importance	161	31.63%

NB: There were 59 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Increase the fees further in this area which is reflective of the huge increases in rent and profits that private landlords, etc charge.
- Increase fees for HMOs to make them less feasible but reduce fees for family dwellings.
- The only concern I would have is would the full increase be put on the tenants; this would have an adverse effect on them and could lead to more pressure on temp accommodation and homelessness.
- Don't penalise landlords that do not have a large portfolio of houses, landlords with one house get treated the same as landlords with huge portfolios. It's unfair.
- Fully support increasing fees and charges for professional council services to individuals and businesses.
- Any impact of the increase should be monitored in relation to growth of HMO stock in the city. Due to the difficulties with the TA housing subsidy, the council should be careful not to hurt the growth of HMO stock which at present is the best solution for moving households out of TA and onto full housing benefit at the new Local Housing Allowance rates shifting costs off the council and onto the DWP.

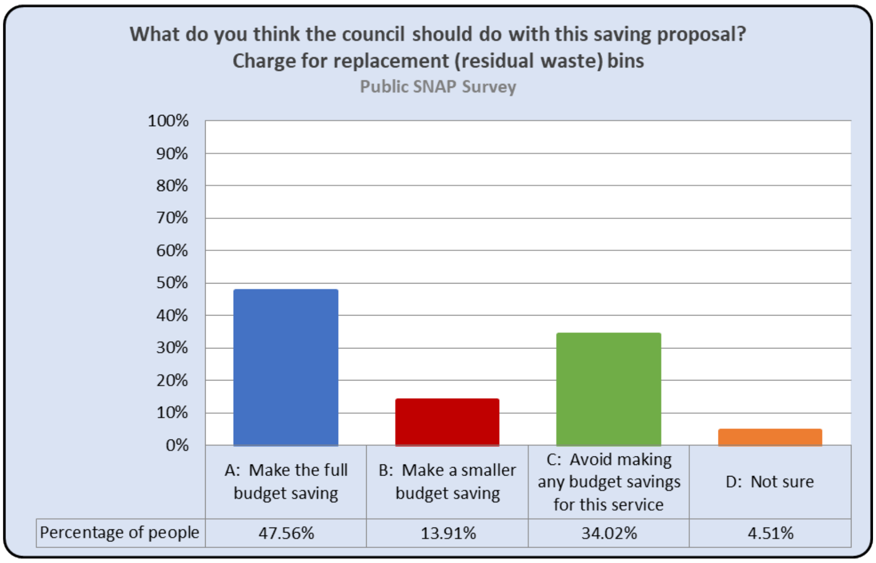
Environment & Public Protection

Charge for replacement (residual waste) bins

Q4a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	253	47.56%
B: Make a smaller budget saving	74	13.91%
C: Avoid making any budget savings for this service	181	34.02%
D: Not sure	24	4.51%

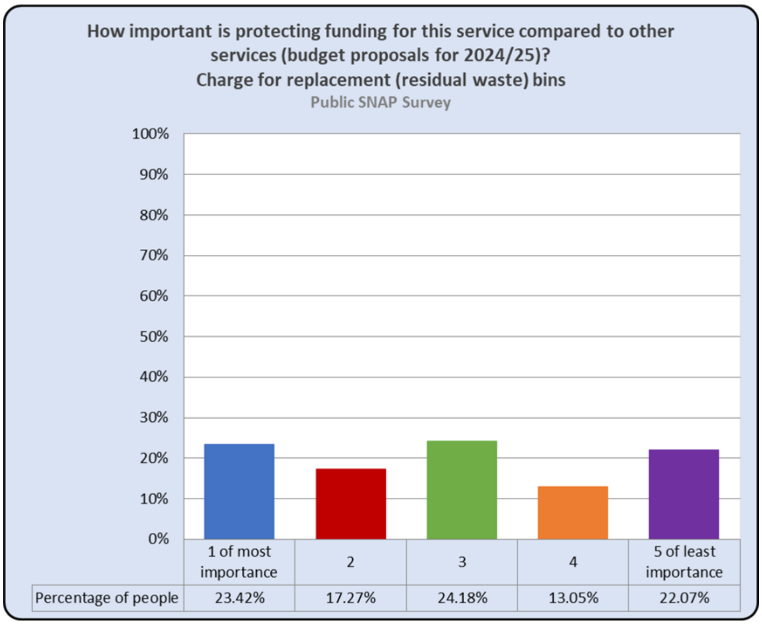
NB: There were 36 no responses.



Q4b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	122	23.42%
2	90	17.27%
3	126	24.18%
4	68	13.05%
5 of least importance	115	22.07%

NB: There were 47 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in the respondent's own words, that indicate the range of responses received:

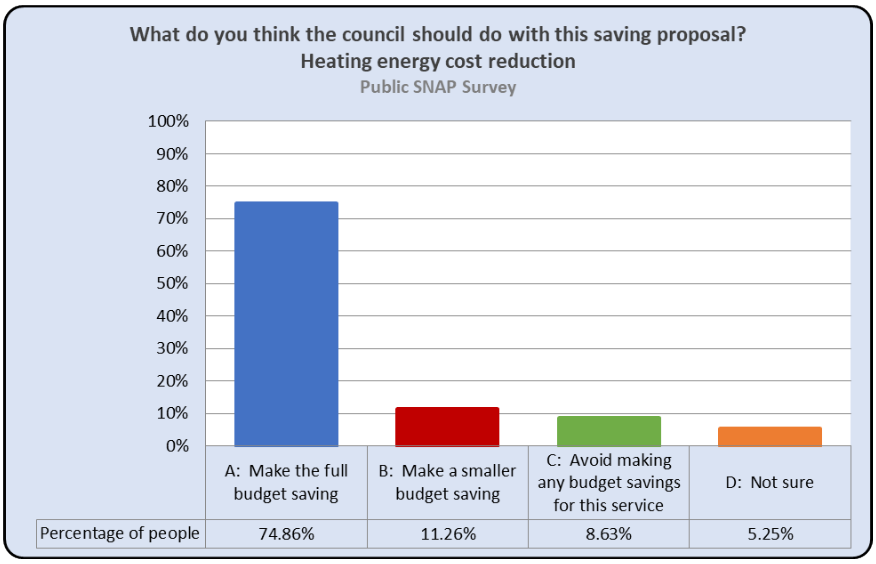
- Agree. But will there be any support for residents in receipt of state benefits such as pensions or Universal Credit?
- Replacement is fine. Initial new bins being charged for are not fine.
- Residents should be held accountable and pay for replacement bins if lost.
- Maybe if the bin is damaged by the refuse collection team, then a free of charge replacement should be provided?
- If you damage your bin you should pay to replace, if you move in with no bins, they should be replaced for free.
- Ensure residents are able to receive bins free if vandalised.
- This would lead to theft of bins.
- Any restriction would result in an increase of 'Fly Tipping'.

Heating energy cost reduction

Q5a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	399	74.86%
B: Make a smaller budget saving	60	11.26%
C: Avoid making any budget savings for this service	46	8.63%
D: Not sure	28	5.25%

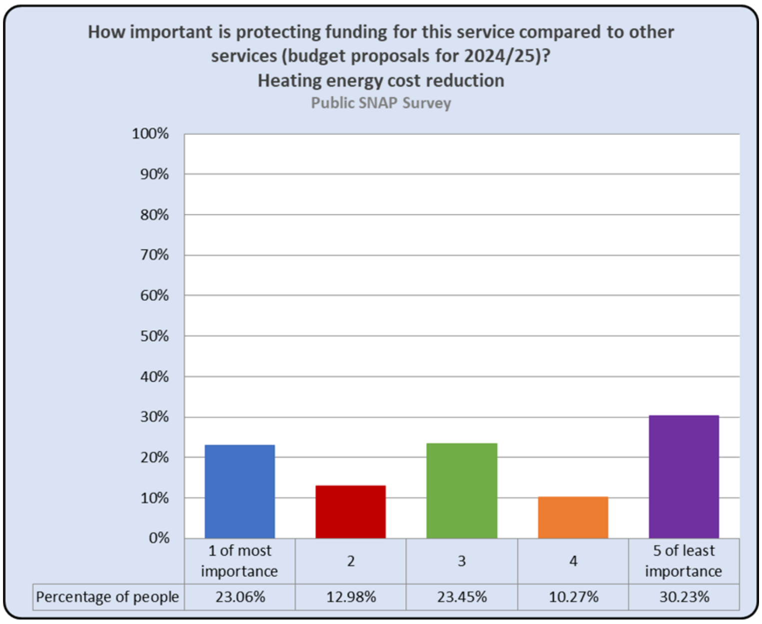
NB: There were 35 no responses.



Q5b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	119	23.06%
2	67	12.98%
3	121	23.45%
4	53	10.27%
5 of least importance	156	30.23%

NB: There were 52 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in the respondent's own words, that indicate the range of responses received:

- Some of these buildings are used by the vulnerable and the elderly. The bit of warmth the get when in these buildings maybe the only warmth they feel all day!!
- The temperature inside council buildings will need to remain at the correct temperature to provide people from becoming ill.
- A minimum 18-19 degree Celsius of temperature should be maintained.
- Council buildings need to be comfortable to use. If the heating costs are too high, use fewer but better insulated and economical, modern buildings.
- You have to spend money to save it in the long term. The windows and proper insulation could be the key in being able to reduce the heating.
- Assess each building before deciding on temperature reductions. Newer buildings should be better insulated and be more energy efficient anyway.

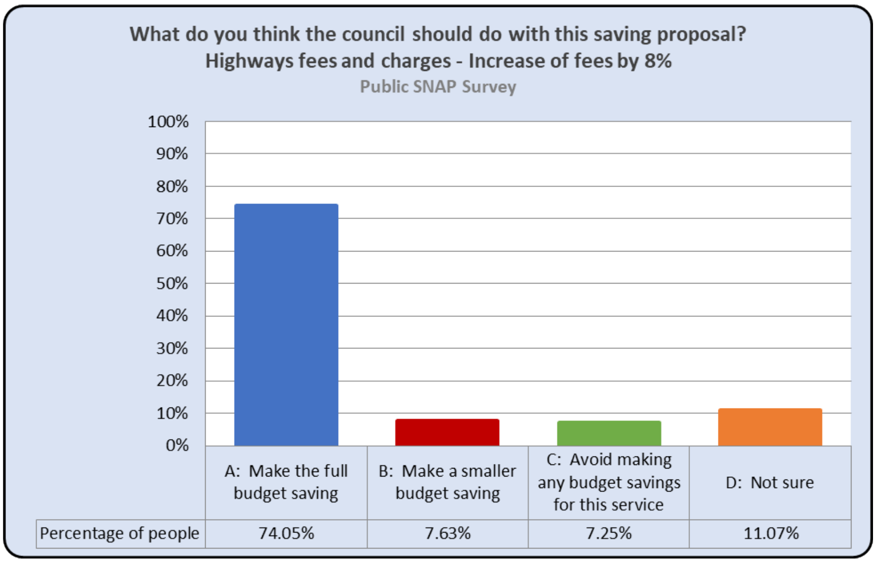
Infrastructure

Highways fees and charges – Increase of fees by 8%

Q6a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	388	74.05%
B: Make a smaller budget saving	40	7.63%
C: Avoid making any budget savings for this service	38	7.25%
D: Not sure	58	11.07%

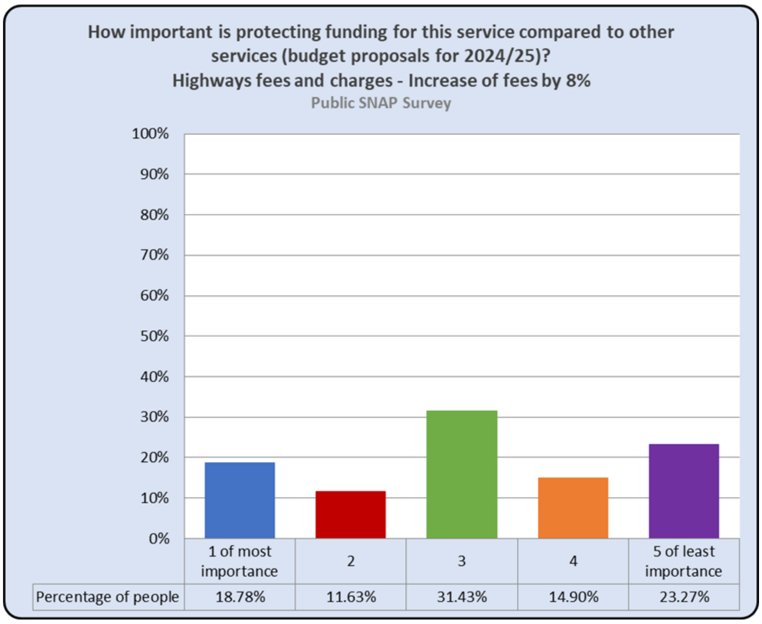
NB: There were 44 no responses.



Q6b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	92	18.78%
2	57	11.63%
3	154	31.43%
4	73	14.90%
5 of least importance	114	23.27%

NB: There were 78 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Utility companies are making huge profits so increasing charges is an excellent idea but once again an 8% increase is nowhere near enough.
- Why is the charge to third parties not covering the cost to administer this service. Increase charge to third parties to cover cost. This should not be financed through the council tax charge.
- Increase the charges but make sure that the money is spent repairing the roads.
- Charge them more – it may encourage quicker work and therefore less disruption also.
- Consider larger increase.
- Often, we see roads closed for long periods of time without any work going on causing disruption.

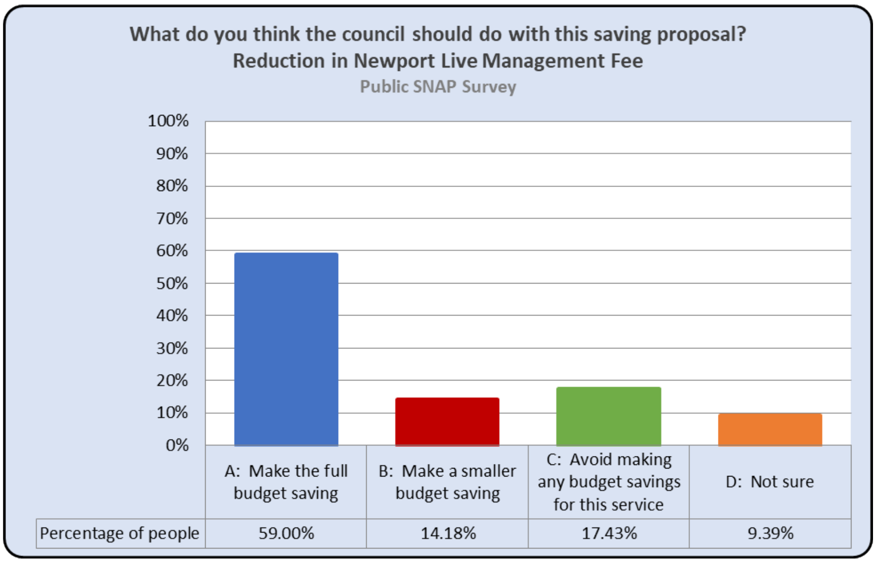
Regeneration & Economic Development

Reduction in Newport Live Management Fee

Q7a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	308	59.00%
B: Make a smaller budget saving	74	14.18%
C: Avoid making any budget savings for this service	91	17.43%
D: Not sure	49	9.39%

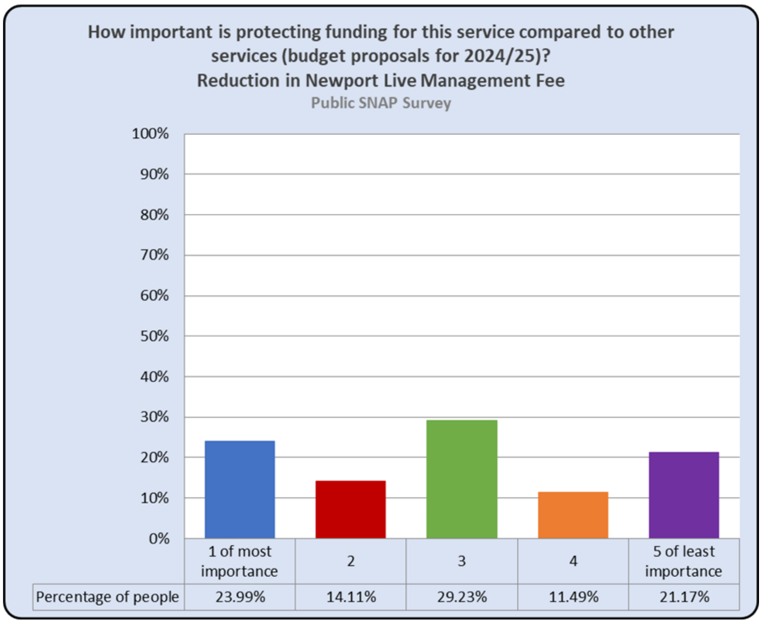
NB: There were 46 no responses.



Q7b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	119	23.99%
2	70	14.11%
3	145	29.23%
4	57	11.49%
5 of least importance	105	21.17%

NB: There were 72 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

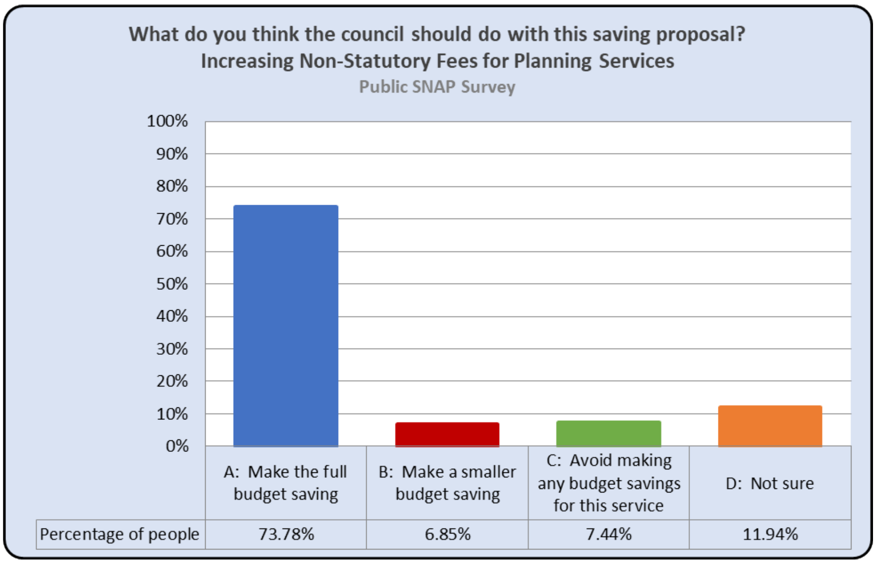
- This service should be self-funding and not linked to council tax.
- Newport Live should be running itself as a business and not be reliant on NCC to bail it out. The idea of Newport Live was to enable them to access grants and funding not available to leisure when they were part of NCC.
- The council should engage with Newport Live to identify the cuts that will be made if this saving is made. The council should ensure that no cuts to gym or leisure facility hours and provision should happen, as these services have an active role in reducing health and social care costs in the long term by ensuring the health and well-being of residents. Further, it should be considered whether any synergies can be achieved, for example whether any provision from Newport Live (e.g. toilets or cafes) can be provided on existing Council premises or if Council provision (e.g. toilets, waste provision, community centres) can be provided on Newport Live premises for dual use e.g. youth clubs in the Riverfront.
- This will result in services being cut. And ultimately more barriers to an already unhealthy city.
- There are more important things at the moment than arts.

Increasing Non-Statutory Fees for Planning Services

Q8a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	377	73.78%
B: Make a smaller budget saving	35	6.85%
C: Avoid making any budget savings for this service	38	7.44%
D: Not sure	61	11.94%

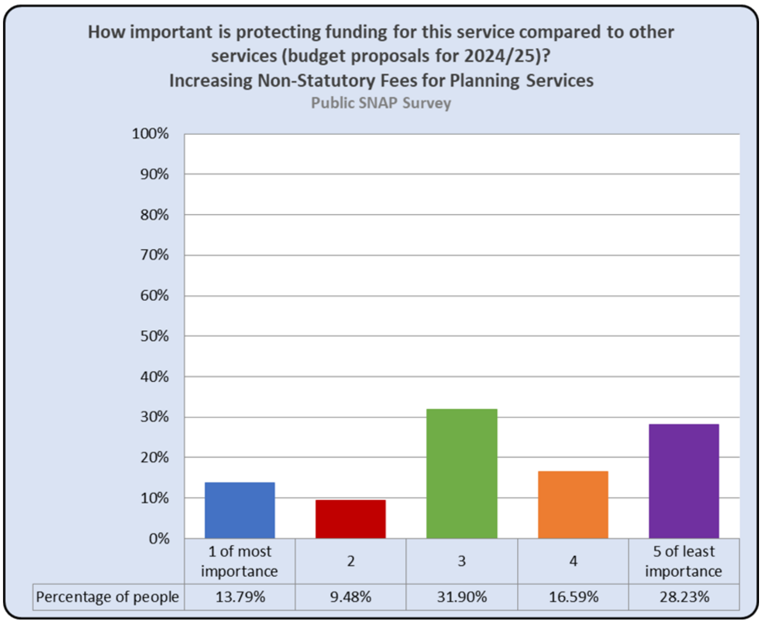
NB: There were 57 no responses.



Q8b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	64	13.79%
2	44	9.48%
3	148	31.90%
4	77	16.59%
5 of least importance	131	28.23%

NB: There were 104 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in the respondent's own words, that indicate the range of responses received:

- Operational costs will have risen since 2019 and these must be reflected.
- Home developers are making record profits – fully support a higher increase.
- In the current climate fees will have to increase in line with everything else – perfectly reasonable.
- The council should review whether it can offer fee discounts for planning related to priority developments. A recent report by the Centre for Cities identified key priorities for Newport in order for it to improve economic development and maximise its public transport infrastructure. It advises that the city should prioritise denser housing and amenities in the city's urban area and ensure housing is built and maximised closest to bus and rail facilities. As much as planning regulations allow, the council should ensure fees are designed to encourage density development in the city and urban areas near public transport, for example to encourage additional bedrooms, additional houses, and HMO or flat conversions in the city urban boundary. Likewise, higher fees should be charged for applications or developments which run counter to this, for example applications on greenfield sites which are not served by public transport or city amenities like shops and facilities.

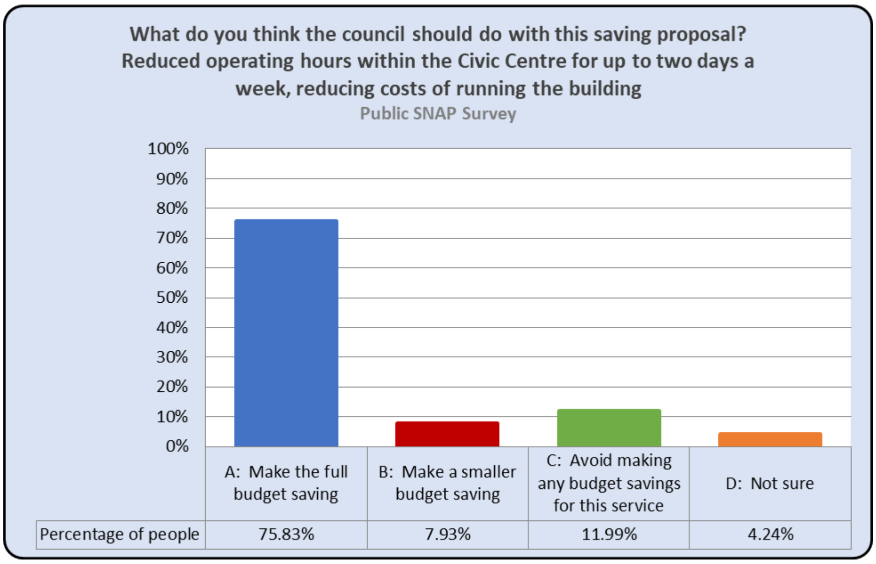
People, Policy & Transformation

Reduced operating hours within the Civic Centre for up to two days a week, reducing costs of running the building.

Q9a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	411	75.83%
B: Make a smaller budget saving	43	7.93%
C: Avoid making any budget savings for this service	65	11.99%
D: Not sure	23	4.24%

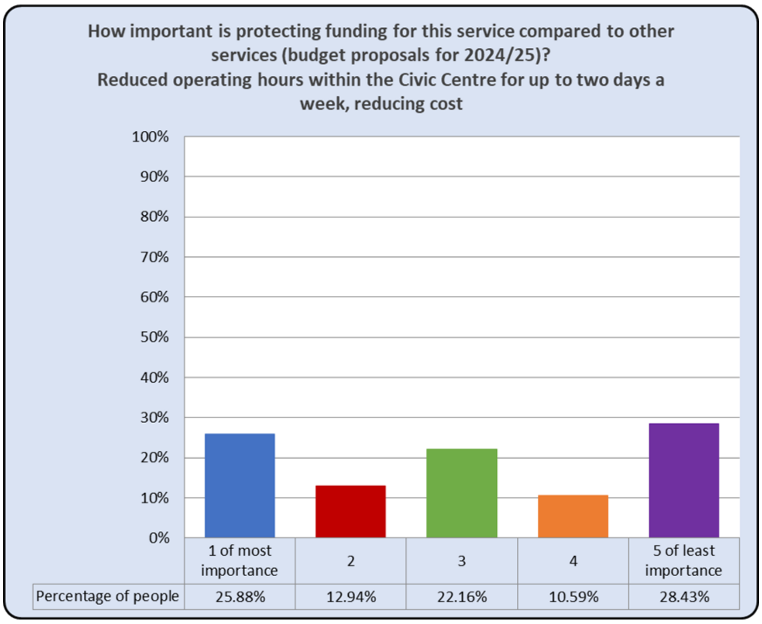
NB: There were 26 no responses.



Q9b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	132	25.88%
2	66	12.94%
3	113	22.16%
4	54	10.59%
5 of least importance	145	28.43%

NB: There were 58 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Social care needs to be able to access the building daily due to the nature of the role. Staff well-being can be impacted if staff are forced to work from home on a daily basis as this can be isolating, and this can put more pressure on households to have access to the internet and heat their homes.
- Trial a one day closure instead.
- Seems that with the introduction of flexible working the facility is too big and not fit for purpose consider alternative use of building even selling the asset and rent a more efficient building.
- Two days is too extreme and runs the risk of the property falling into disrepair/and potential misuse.
- Improve your online system could you remove this cost altogether.
- Keep a smaller portion of the building open for those who cannot work from home.

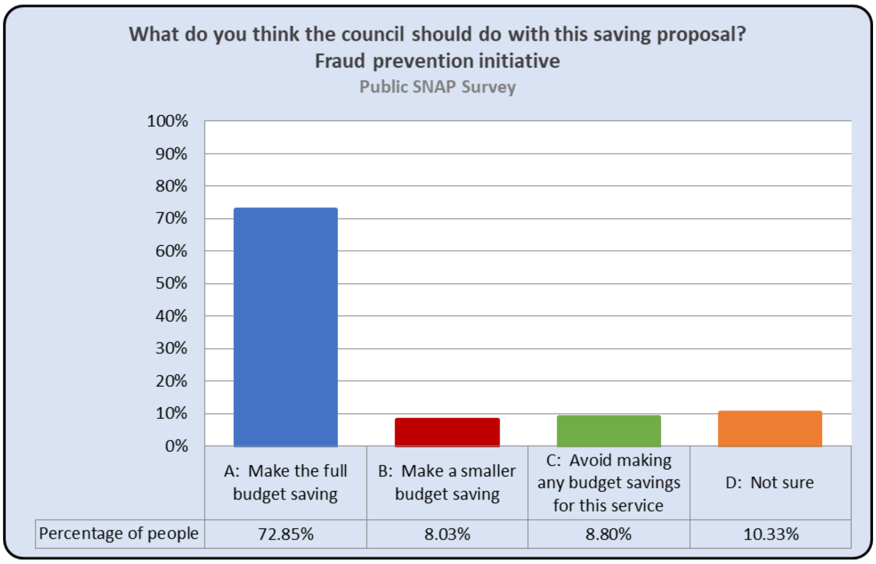
Finance

Fraud prevention initiative

Q10a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	381	72.85%
B: Make a smaller budget saving	42	8.03%
C: Avoid making any budget savings for this service	46	8.80%
D: Not sure	54	10.33%

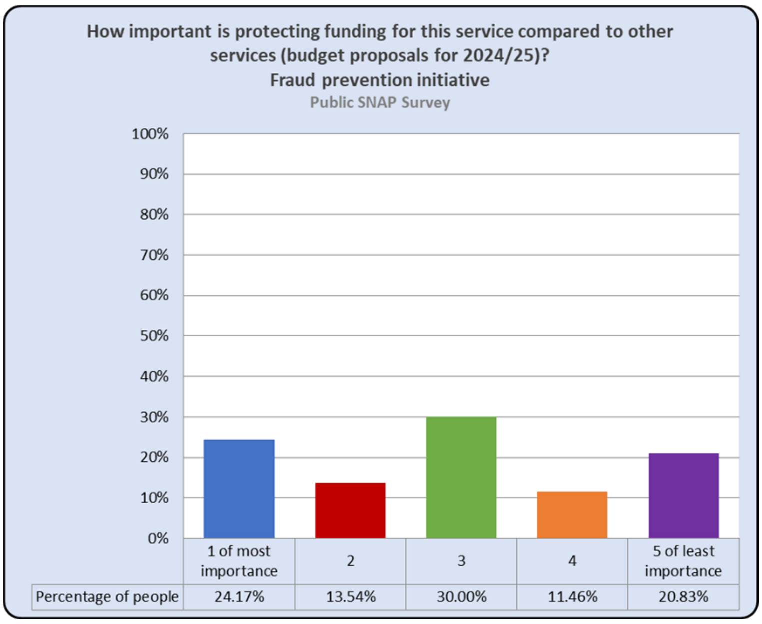
NB: There were 45 no responses.



Q10b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	116	24.17%
2	65	13.54%
3	144	30.00%
4	55	11.46%
5 of least importance	100	20.83%

NB: There were 88 no responses.



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- As someone who pays their council tax and a significant amount of tax, I firmly agree that penalties should be levied on those who commit benefit fraud.
- As long as the system is cognisant of factors that can impact the stats such as ND or learning disabled people navigating a complex system, or financial abuse from partners.
- Spending money to stop fraud is a good investment.
- Any increase in fraud action needs to be done in a person centred trauma informed way.
- NCC need to fully investigate and cost the total cost of dealing with fraud case (officer time, legal time, court fees) and fully recover these from the individual. This money needs to be reinvested in that service to improve its services and employ more staff to undertake this work. Not reinvesting and pushing this funding into other services defeats the objective.
- Isn't this something the Council already do?

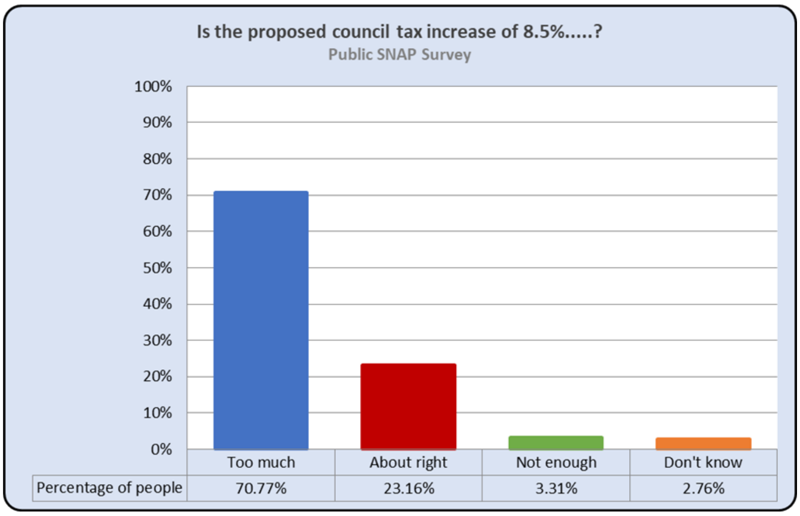
Funding

Council Tax

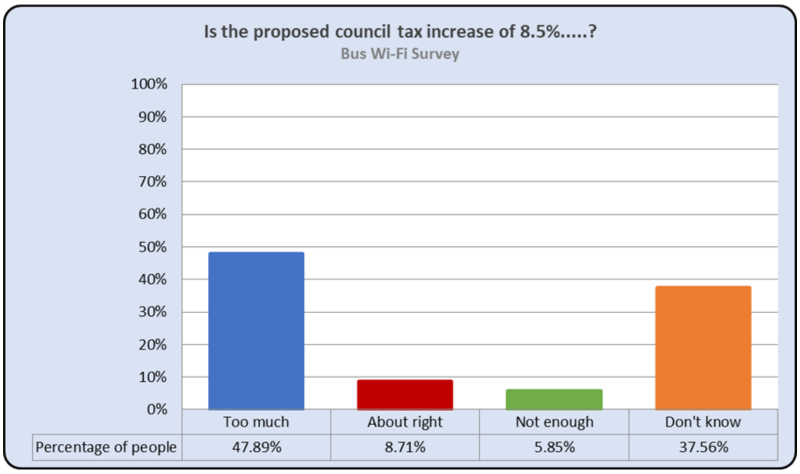
Q11a: Is the proposed council tax increase of 8.5%......?

Public SNAP Survey		
Council Tax increase	**No. of people**	**% of people**
Too much	385	70.77%
About right	126	23.16%
Not enough	18	3.31%
Don't know	15	2.76%

NB: There were 24 no responses.



Bus Wi-Fi Survey		
Council Tax increase	**No. of people**	**% of people**
Too much	385	47.89%
About right	70	8.71%
Not enough	47	5.85%
Don't know	302	37.56%



APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

A selection of comments, in respondent's own words, that indicate the range of responses received:

- The cost of living, inflation and an increase in Council Tax will make it even more challenging for many to manage household costs.
- I don't feel increasing council tax at the same time as cutting services/care packages for adults is appropriate. I understand the difficulties faced when balancing budgets however don't agree with this proposal.
- Happy to pay more as long as you stop reducing services. Lately it seems you're asking for more to provide less.
- I'm fine with an increase, but the money needs to go on services we actually use such as improving roads.
- Newport's council tax has been historically low and there is protection to the more vulnerable members of society.
- If Newport is around 10% lower than the Welsh average, then 8.5% increase would be a fair increase. Even that would still be lower than the Welsh average.

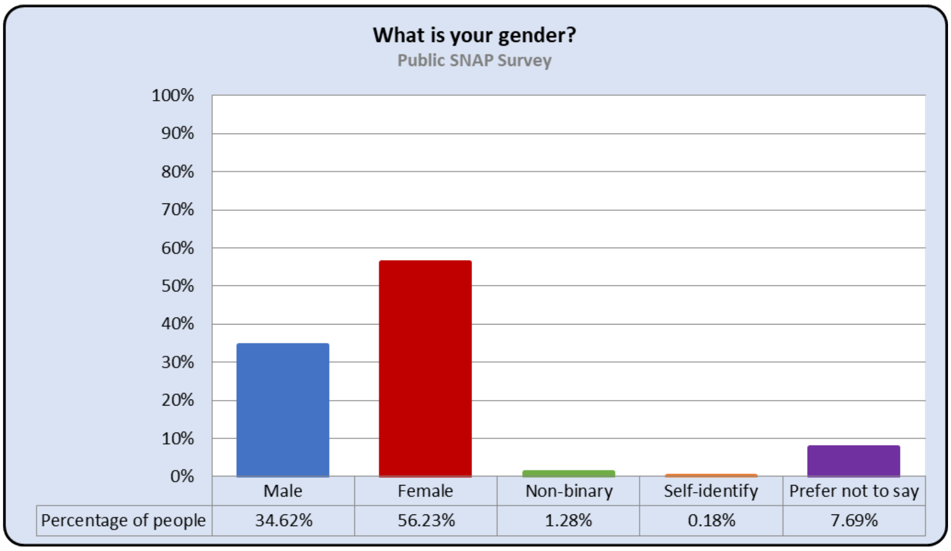
Equalities Monitoring

Q12: What is your gender?

Public SNAP Survey		
Gender	No. of people	% of people
Male	189	34.62%
Female	307	56.23%
Non-binary	7	1.28%
Self-identify	1	0.18%
Prefer not to say	42	7.69%

NB: There were 22 no responses.

Self-identify: Female

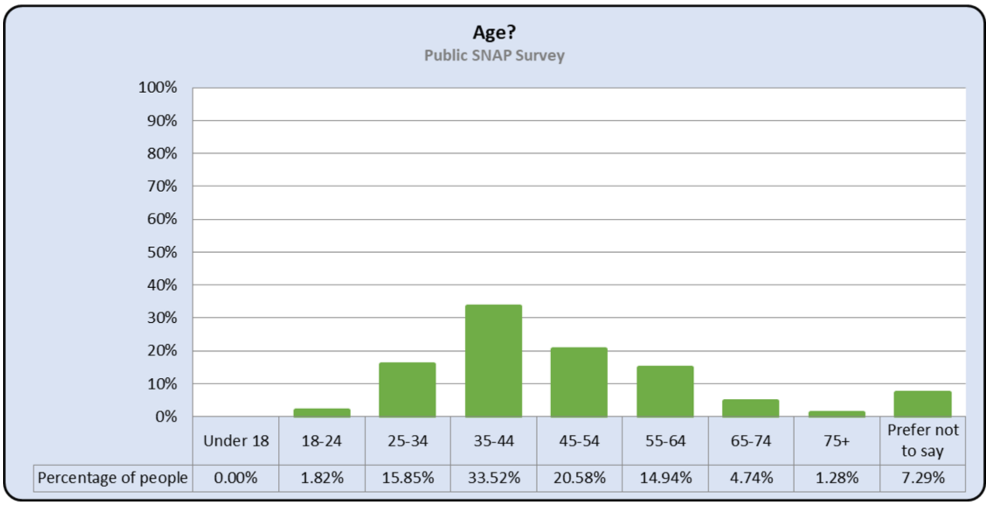


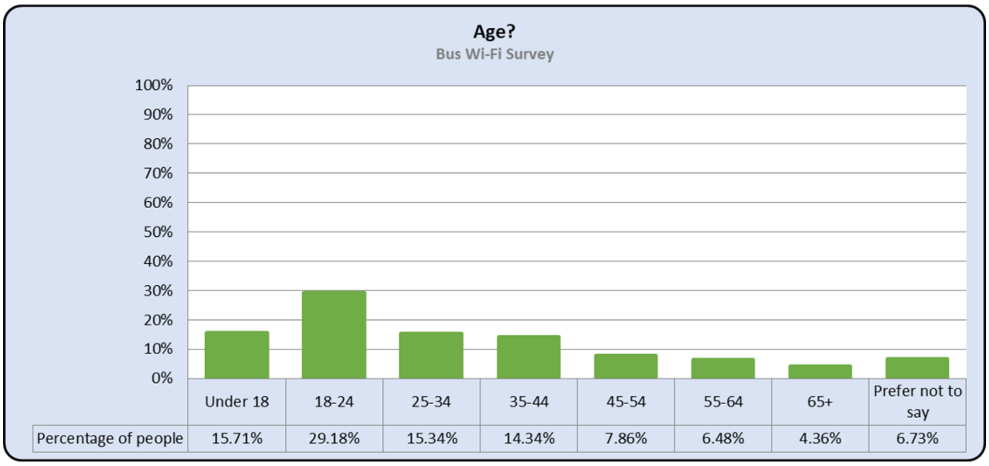
Q13: What is your age?

Public SNAP Survey		
Age	No. of people	% of people
Under 18 years old	0	0.00%
18-24 years old	10	1.82%
25-34 years old	87	15.85%
35-44 years old	184	33.52%
45-54 years old	113	20.58%
55-64 years old	82	14.94%
65-74 years old	26	4.74%
75 years or older	7	1.28%
Prefer not to say	40	7.29%

Bus Wi-Fi Survey		
Age	No. of people	% of people
Under 18 years old	126	15.71%
18-24 years old	234	29.18%
25-34 years old	123	15.34%
35-44 years old	115	14.34%
45-54 years old	63	7.86%
55-64 years old	52	6.48%
65+	35	4.36%
Prefer not to say	54	6.73%

NB: There were 19 no responses.





Q14: What area of Newport do you live in?

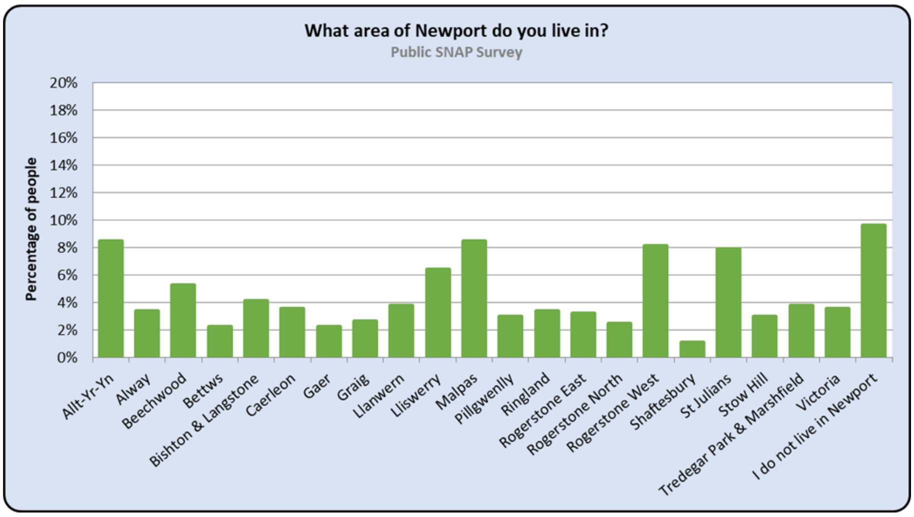
Public SNAP Survey		
Ward	No. of people	% of people
Allt-Yr-Yn	45	8.47%
Alway	18	3.39%
Beechwood	28	5.27%
Bettws	12	2.26%
Bishton & Langstone	22	4.14%
Caerleon	20	3.77%
Gaer	12	2.26%
Graig	14	2.64%
Llanwern	20	3.77%
Lliswerry	34	6.40%
Malpas	45	8.47%

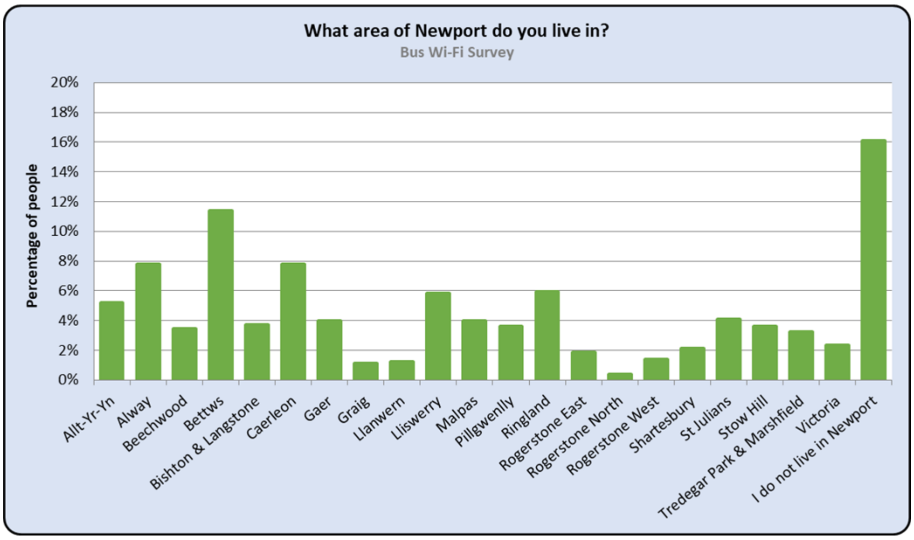
Public SNAP Survey		
Ward	No. of people	% of people
Pillgwenlly	16	3.01%
Ringland	18	3.39%
Rogerstone East	17	3.20%
Rogerstone North	13	2.45%
Rogerstone West	43	8.10%
Shaftesbury	6	1.13%
St Julians	42	7.91%
Stow Hill	16	3.01%
Tredegar Park & Marshfield	20	3.77%
Victoria	19	3.58%
Prefer not to say	51	9.60%

NB: There were 37 no responses.

Bus Wi-Fi Survey		
Ward	No. of people	% of people
Allt-Yr-Yn	42	5.20%
Alway	63	7.80%
Beechwood	28	3.47%
Bettws	92	11.39%
Bishton & Langstone	30	3.71%
Caerleon	63	7.80%
Gaer	32	3.96%
Graig	9	1.11%
Llanwern	10	1.24%
Lliswerry	47	5.82%
Malpas	32	3.96%

Bus Wi-Fi Survey		
Ward	No. of people	% of people
Pillgwenlly	29	3.59%
Ringland	48	5.94%
Rogerstone East	15	1.86%
Rogerstone North	3	0.37%
Rogerstone West	11	1.36%
Shaftesbury	17	2.10%
St Julians	33	4.08%
Stow Hill	29	3.59%
Tredegar Park & Marshfield	26	3.22%
Victoria	19	2.35%
I don't live in Newport	130	16.09%

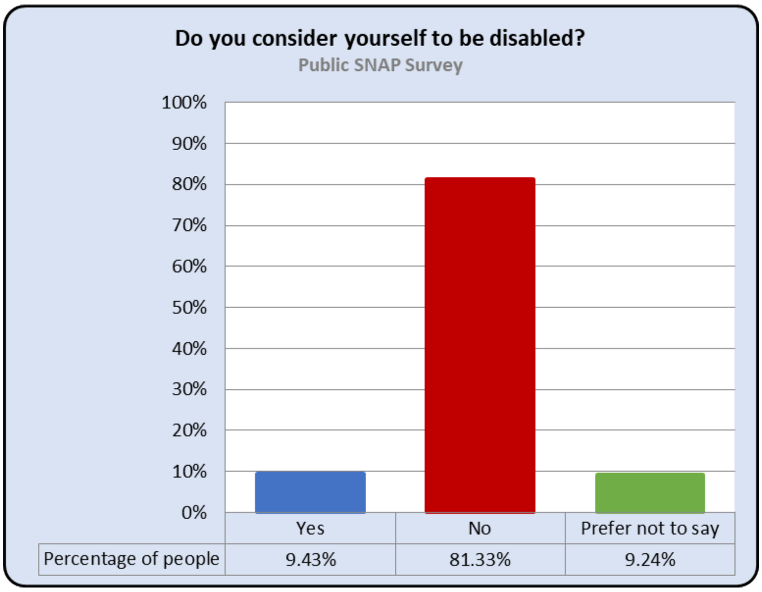




Q15: Do you consider yourself to be disabled?

Disabled	No. of people	% of people
Yes	51	9.43%
No	440	81.33%
Prefer not to say	50	9.24%

NB: There were 27 no responses.

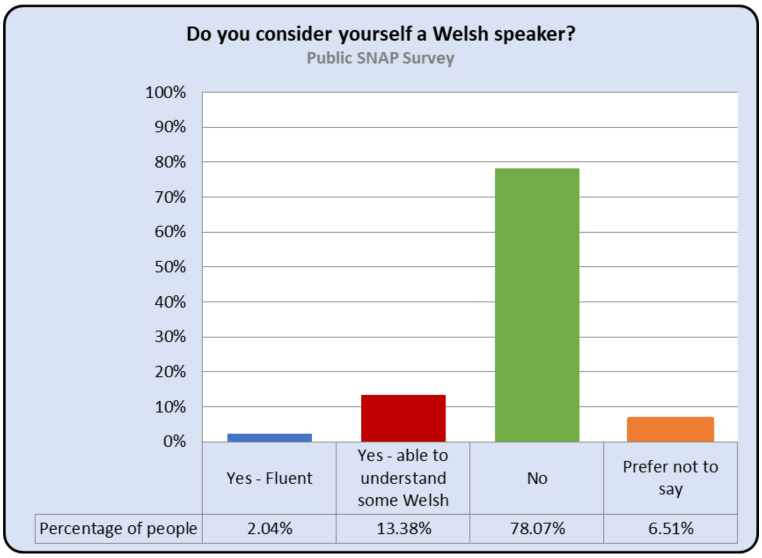


APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

Q16: Do you consider yourself a Welsh speaker?

Welsh speaker	No. of people	% of people
Yes - Fluent	11	2.04%
Yes - able to understand some Welsh	72	13.38%
No	420	78.07%
Prefer not to say	35	6.51%

NB: There were 30 no responses.



Q17: What is your ethnic group?

Public SNAP Survey		
Ethnicity	**No. of people**	**% of people**
White - Wel / Eng / Sco / NI / British	448	82.96%
White - Irish	3	0.56%
Gypsy or Irish Traveller	0	0.00%
Roma	0	0.00%
Any other White background	14	2.59%
White & Black Caribbean	3	0.56%
White & Asian	1	0.19%
White & Black African	0	0.00%
Other Mixed	2	0.37%
Indian	2	0.37%

Public SNAP Survey		
Ethnicity	**No. of people**	**% of people**
Pakistani	2	0.37%
Bangladeshi	1	0.19%
Other Asian	1	0.19%
Black African	2	0.37%
Black Caribbean	1	0.19%
Other Black	0	0.00%
Arab	3	0.56%
Chinese	3	0.56%
Other ethnic group	0	0.00%
Prefer not to say	54	10.00%

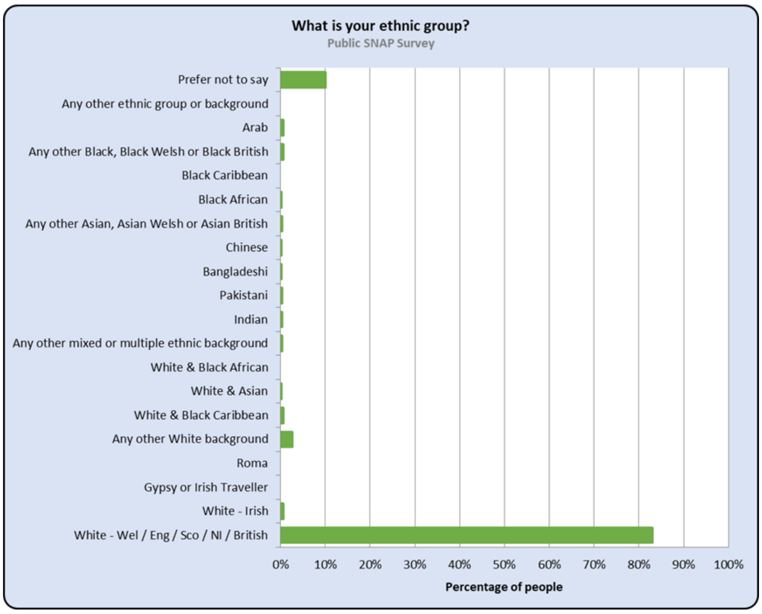
NB: There were 28 no responses.

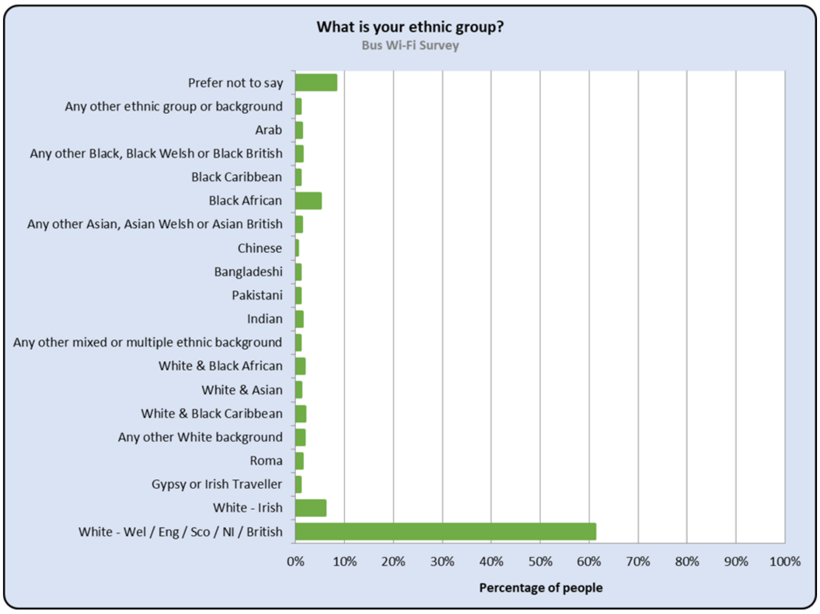
Other White		Other Asian	Other ethnic group
Polish	White European	Asian Welsh	Black Welsh
White Mexican	German	British national, but background is Indian	Black British
Turkish	Caucasian		
UK-EU			

APPENDIX 4 – INTERIM PUBLIC CONSULTATION RESULTS

Bus Wi-Fi Survey		
Ethnicity	**No. of people**	**% of people**
White - Wel / Eng / Sco / NI / British	497	61.13%
White - Irish	49	6.03%
Gypsy or Irish Traveller	8	0.98%
Roma	11	1.35%
Any other White background	15	1.85%
White & Black Caribbean	16	1.97%
White & Asian	9	1.11%
White & Black African	15	1.85%
Other Mixed	8	0.98%
Indian	11	1.35%

Bus Wi-Fi Survey		
Ethnicity	**No. of people**	**% of people**
Pakistani	8	0.98%
Bangladeshi	8	0.98%
Other Asian	10	1.23%
Black African	41	5.04%
Black Caribbean	8	0.98%
Other Black	11	1.35%
Arab	10	1.23%
Chinese	3	0.37%
Other ethnic group	8	0.98%
Prefer not to say	67	8.24%





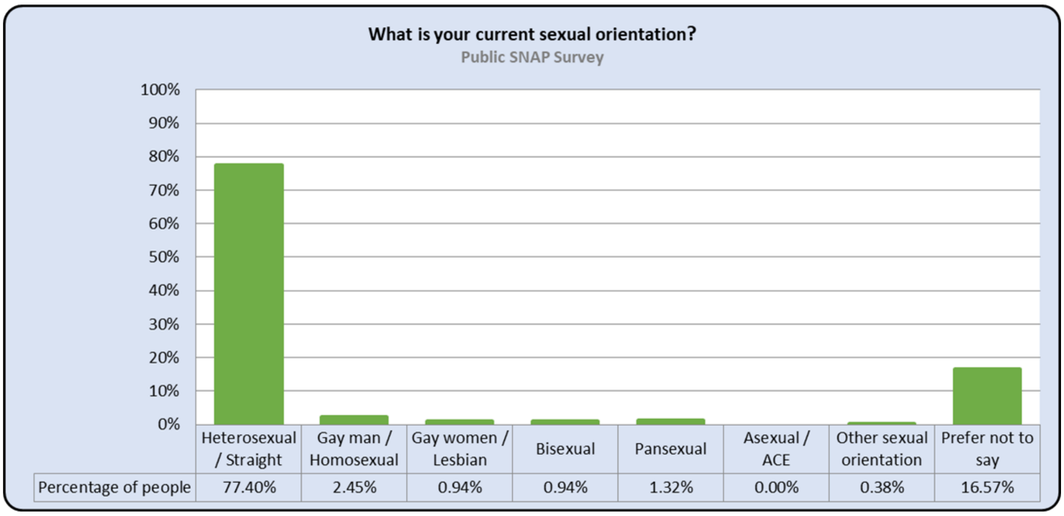
Q18: What is your current sexual orientation?

Sexual Orientation	No. of people	% of people
Heterosexual / Straight	411	77.40%
Gay man / Homosexual	13	2.45%
Gay women / Lesbian	5	0.94%
Bisexual	5	0.94%

Sexual Orientation	No. of people	% of people
Pansexual	7	1.32%
Asexual / ACE	0	0.00%
Other sexual orientation	2	0.38%
Prefer not to say	88	16.57%

NB: There were 37 no responses.

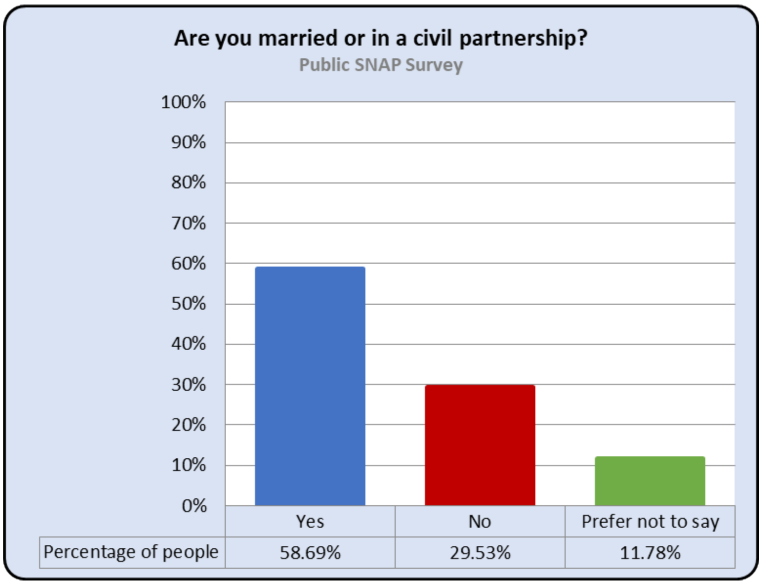
Other: Transexual // Super straight



Q19: Are you married or in a civil partnership?

Married	No. of people	% of people
Yes	314	58.69%
No	158	29.53%
Prefer not to say	63	11.78%

NB: There were 33 no responses.

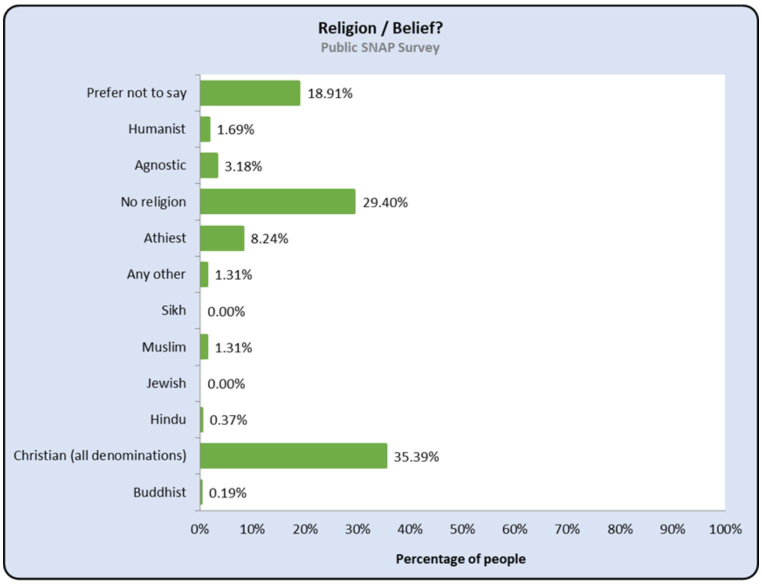


Q20: Religion / Belief?

Religion / Belief	No. of people	% of people
Buddhist	1	0.19%
Christian (all)	189	35.39%
Hindu	2	0.37%
Jewish	0	0.00%
Muslim	7	1.31%
Sikh	0	0.00%

Religion / Belief	No. of people	% of people
Any other	7	1.31%
Atheist	44	8.24%
No religion	157	29.40%
Agnostic	17	3.18%
Humanist	9	1.69%
Prefer not to say	101	18.91%

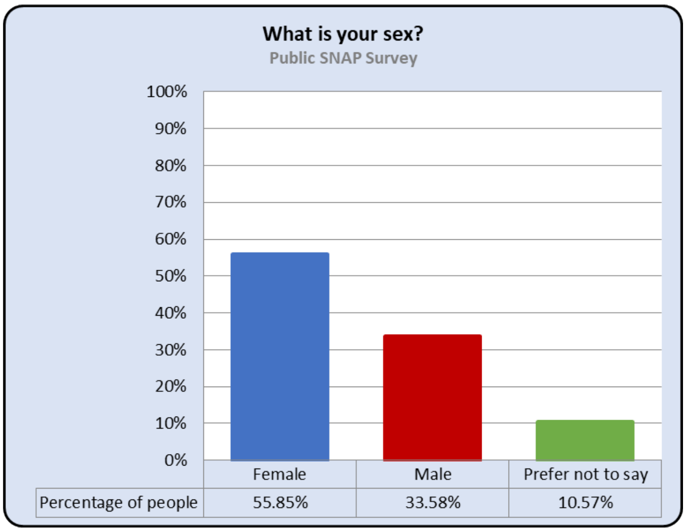
NB: There were 34 no responses.



Q21: What is your sex?

Sex	No. of people	% of people
Female	296	55.85%
Male	178	33.58%
Prefer not to say	56	10.57%

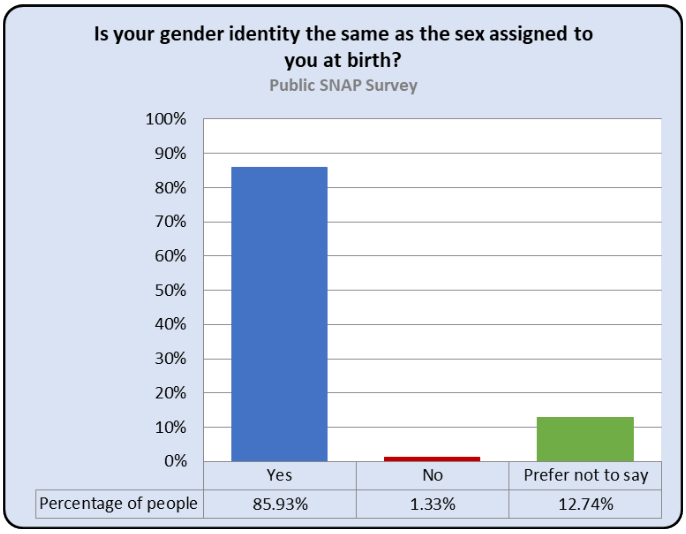
NB: There were 38 no responses.



Q22: Is your gender identity the same as the sex assigned to you at birth?

Identity assigned at birth	No. of people	% of people
Yes	452	85.93%
No	7	1.33%
Prefer not to say	67	12.74%

NB: There were 42 no responses.



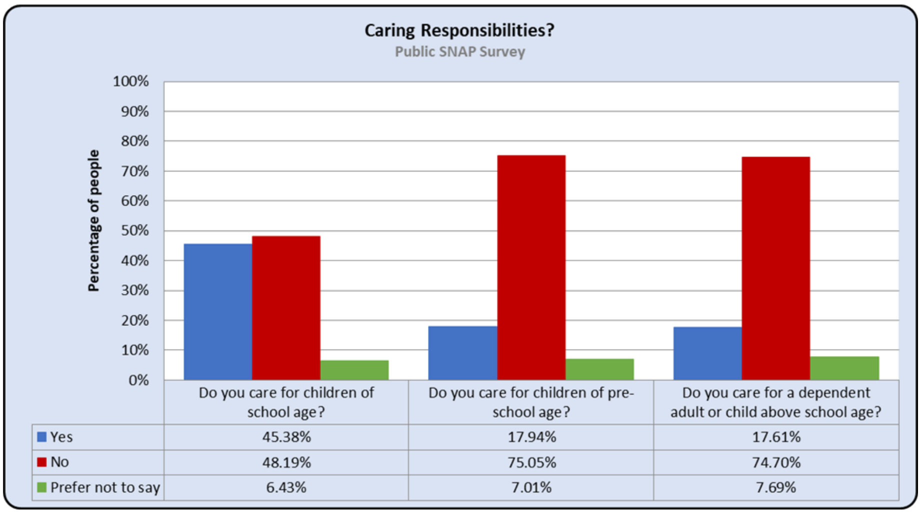
Q23: Caring Responsibilities?

School age	No. of people	% of people
Yes	226	45.38%
No	240	48.17%
Prefer not to say	32	6.43%

Pre-school age	No. of people	% of people
Yes	87	17.94%
No	364	75.05%
Prefer not to say	34	7.01%

Dependent adult	No. of people	% of people
Yes	87	17.61%
No	369	74.70%
Prefer not to say	38	7.69%

NB: There were 70 no responses (school age); 83 no responses (pre-school age); and 74 no responses (dependent adult).



Appendix 5 – Specific Responses to Budget Proposals

UNISON

Newport City Branch welcome the Councils approach to funding to offset the shortfall in the current and historical shortfall of funding from Westminster and the impacts of increases in energy prices and the impacts of price increases across the board.

It is a pleasant surprise to not to have to sit in on so many consultations where staff are being given the news of potential compulsory redundancy or having to look for voluntary redundancies.

We also acknowledge that whilst the level of proposals and the impact is reduced there are still vacant posts and some potential redundancies which will impact on the workload of the remaining staff.

The Potential proposal around closure of the Civic Centre does concern us that it has not been fully considered and there may be impacts on staff services and the democracy of the council.

- How will staff in cctv continue in their role on the days the civic will be closed will they need building heating to be on do they have separate options for heating their work area aside from the civic?
- Are their enough agile working locations for staff who choose not to work from home?
- Will there be a priority of staff able to work from staff sites?
- Are there enough suitable locations for the many meetings to take place that cannot and shouldn't be held via Teams?
- Impact on staff working hours (NCC and Norse) any potential redundancies we appreciate that Norse staff are not an NCC concern, but some were previously NCC staff.
- The impact on local democracy must be given further consideration. The Civic Centre is a landmark building where the public who pay for it should be able to access it. Our fear is that this could lead to total closure in the future.

We ask that this proposal be given further review before implementation or if implemented it be reviewed in a timely manner with the option of returning to opening on a five-day basis.

We also note the amounts set aside for potential pay increase and would suggest that would fall short of where we as a trade union would expect to see potential staff pay increases especially at the same time, we are seeing the 8.5% increase in council tax and other rises in services a pay settlement of 4% is not keeping up with the cost of living but is actually a pay cut. Their standard of living will fall. This is after years of staff working to higher volumes of work. Doing more with less while trying to maintain the highest quality of work that is their standard.

We appreciate that councillors do not take up their roles with the aim to cut services and outsource council services and options available to present a balanced budget are finite but we ask them to consider how long staff good will can be relied on in schools, social services, housing, community safety wardens, flying start, highways and city services, waste site staff and all of the rest of services provided by this council staff group. They are working beyond their job descriptions whilst seeing their standards of living dropping.

Appendix 5 – Specific Responses to Budget Proposals

NASUWT

BUDGET CONSULTATION
AND POSITION STATEMENT ON NEWPORT'S FUNDING OF SCHOOLS

NASUWT Newport is appalled by Newport City Council's funding of schools.

Children here are valued less than they are elsewhere in Wales. This is backed up by multiple statistical analyses. And the situation is getting worse year on year.

Schools budgeted expenditure per pupil in Newport for 2023-24 was the lowest in Wales.
(Local Authority Budgeted Expenditure on Schools: 2023-24, Welsh Govt Statistical Bulletin)

Schools budgeted expenditure per pupil in Newport for 2022-23 was one but lowest in Wales.
(Local Authority Budgeted Expenditure on Schools: 2022-23, Welsh Govt Statistical Bulletin)

When challenged about its lack of funding of schools, Newport points to complexities with the budget. Unfortunately, this is just hiding behind the fact that education is not a priority for Newport City Council.

The impact of years of underfunding at Newport schools is being felt by teachers and learners across the City:

- Class sizes are too high here and it is commonplace to see classes in excess of 30 students. Years of redundancy windows have left our schools with pupil-teacher ratios that are detrimental to progress.
- Learners are being taught by unqualified teachers or cover supervisors for part of their provision. These colleagues, however esteemed, are no substitute for a qualified teacher.
- Many teachers are having to teach subjects they are not qualified to teach in order to save money and absorb staffing cutbacks.
- School buildings are falling into disrepair.
- Damaging TLR restructures have been carried out in order to save money, with the Classroom Teacher picking up the work.

NASUWT Newport urges Newport City Council to do what is right. Put children here first. Not last.

Appendix 5 – Specific Responses to Budget Proposals

CONSH

February 2024

Re – Response to Budget Consultation

Annwyl Beverly Owen, Chief Executive, Cllr. Jane Mudd, Cabinet Member for Economic Growth & Strategic Investment and Cllr. Deb Davies, Cabinet Member for Early Years & Education

I firstly wanted to thank you, on behalf of CONSH for facilitating a very purposeful discussion prior to the Christmas break; we are most grateful for the opportunity to continue to engage in dialogue with you about matters impacting our schools so significantly. To this end, in receipt of your kind invitation to return to the Civic for discussion, we hoped we could schedule a date sometime in March when each of us are in a far better position to be able to speak with greater detail about our own budgets and collectively how this has impacted on Newport schools. I would be very grateful if you could provide us with suitable dates perhaps towards the end of March.

In regard to eliciting views as part of the overall budget consultation, although we welcome the proposed cash increase of £9,454,000 and acknowledge the very challenging financial position in which the council finds itself, the proposed increase only seems to cover new pay related pressures and as such will not alleviate the significant budget pressures we have raised over the past twelve months.

We know that you will be fully aware through our ongoing correspondence, that many Secondary Schools have needed to restructure, not appoint into substantive vacancies, end fixed term contracts and increase class sizes to align with the funding distributed via the ISB, as well as making use of historic school budget reserves. The lack of additional funds into the Education budget will result in these trends continuing; as raised at the meeting, we are particularly concerned about the lack of investment to ALN in Secondary Schools with so many of the pupils coming from LRBs and one to one support in the Primary Sector having to manage the challenge of no support within a much bigger mainstream setting.

Another major concern is that without additional funding; we are not able to manage requirements of the curriculum; a pertinent issue which was raised in our most recent dialogue in regard to not being able to run Engineering and Construction courses because of not being able to maintain the cost of the equipment and general environment. With a suite of new VCSEs on the way, pathways that we wholly advocate as being integral to best support the needs of our learners; our concern is that we simply will not have funding capacity to even consider offering them.

We are currently in consultation with Finance colleagues at the LA in respect of funding for Examinations. We raised this as an issue in April 2023 and whilst we welcome the consultation that has since taken place, the proposal which basically moves funding from one area of the ISB to another, does not really solve the underlying issue. You will be aware that Secondary School funding in Newport is over £1,000 per pupil under the Welsh average which continues to significantly impact on school development and pupil progress, especially for example when being compared to the performance of each of our families of schools.

We acknowledge that further details in regard to the proposed £9,454,000 cash increase will be shared at the relevant forums and communicated to all schools in due course; we hope that indicative budgets will then provide clarity on how the high level pay assumptions/funding, distribute through the ISB and impact individual schools, hence our request to perhaps meet later in March. It would be useful to have clarification on the Teachers' Pension amount. It is currently included in the £9,454,000 but if separate WG funding is received the actual amount allocated to schools from the Welsh Government Revenue Support Grant would be £6,035,000 so further clarity on this would be helpful.

In summary, we look forward to working together over both the short and medium term to address the significant challenges we continue to face. We look forward to continuing this dialogue in the coming months.

Cofion cynnes
Victoria Lambe
Headteacher, Bassaleg
Chairperson, CONSH
Lucy Purcell – Headteacher, Caerleon
Julia Fitzgerald – Headteacher, Lliswerry
Mark Tucker – Headteacher, The John Frost
Jackie Jarrett – Headteacher, St Josephs
Dean Curtis – Headteacher, St Julian's
Gill Lee – Headteacher, Newport High
Damian Lawlor – Headteacher, Llanwern
Eirian Jones – Headteacher, Gwent Is Coed

Appendix 6 – Budget Pressures and Investments

New Pressures and Investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	Demand – Social Care	Out of Area Residential Placements - the number of children that will be in externally provided Out of Area placements from April 24 exceed the current budget available.	2,264	0	0
Children Services	Demand – Social Care	Emergency Placements – a temporary pressure whilst additional placement capacity is created.	400	0	(400)
Children Services	Demand – Social Care	Legal fees associated with children's cases.	110	0	0
Children's Services	Demand – Social Care	Safeguarding Hub additional resource requirement.	190	0	0
Adult Services	Other	Additional contribution to the GWICES pooled arrangements from all partners to pay for the increased cost of living incurred by supplier.	56	0	0
Adult Services	Other	IDVA Contract - Gwent Directors of Social Care agreed to increase funding for the VAWDASV service where NCC is the Lead Authority.	54	0	0
Education					
Non Schools	Demand - Other	SEN Out of County (OOC) and Local provision (LPD) pupil demand. Demand increasing by 4 places at Sporting Chance provision at an average cost of £25k and 4 places at Catch 22 provision at an average cost of £28k. These additional places will grow capacity locally and avoid more expensive OOC costs.	162	0	0

Appendix 6 – Budget Pressures and Investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Environment & Sustainability					
Housing & Communities	Demand - Other	Shortfall in Housing Benefit subsidy arising from increasing demand for temporary accommodation.	600	0	0
Housing & Communities	Other	Investment in Housing staffing to facilitate service transformation.	577	0	0
Environment & Public Protection	Other	Costs associated with increasing requirement for tree maintenance.	115	115	115
Environment & Public Protection	Other	Landfill site closure – associated loss of income.	0	975	0
Infrastructure	Demand – Other	Bus station departure charges.	225	0	0
Infrastructure	Other	Fleet maintenance – budget pressures in relation to tyres and other supplies.	175	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	Other	Staffing resource to fulfil the client role in relation to leisure services.	65	0	0
Regeneration & Economic Development	Other	Energy budget requirement for new leisure centre.	0	0	500

Appendix 6 – Budget Pressures and Investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/2 *£'000*
Transformation & Corporate					
Law & Standards	Other	Increased contribution to Coroner's Service, resulting from additional staffing resources and the running costs of the new building.	85	0	0
Law & Standards	Other	Resources (external and internal) required to support the Transformation Programme.	75	0	0
People, Policy & Transformation	Other	Property budget pressures, including income shortfalls and additional maintenance costs.	205	-115	0
Finance	Other	Resources (external and internal) required to support the Transformation Programme.	60	0	0
Non-Service	Other	South Wales Fire & Rescue Service Levy increase.	340	0	0
Non-Service	Other	Increase to revenue budget contingency.	263	0	0
Total New Pressures and Investments			**6,021**	**975**	**215**

Appendix 6 – Budget Pressures and Investments

Previously agreed / revised pressures and investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	Demand – Social Care	The creation of 2 fully staffed NCC owned annexes and the use of Brynglas Bungalow to provide 5 new placements and will avoid the use of unregulated, more expensive placements.	0	2,222	0
Adult Services	Demand – Social Care	Increased demand on Adult Learning Disability Budget arising from learning disability (LD) children turning 18 and LD clients who were previously looked after by relatives now requiring care.	0	277	0
Education					
Schools	Demand – Other	ALN funding to schools to support universal ALN provision.	231	467	0
Schools	Other	Increase in the teachers' pension employers contribution rate from 23.68% to 28.68%. To take effect from April 2024.	3,419	0	0
Environment & Sustainability					
Environment & Public Protection	Investment	New Household Waste Recycling Centre.	0	0	300
Transformation & Corporate					
People, Policy & Transformation	Other	Community Safety Network – permanent budget requirement following the full use of the earmarked reserve previously supporting this area.	30	0	0
People, Policy & Transformation	Other	Welsh Language Translation – permanent budget requirement following the full use of the earmarked reserve previously supporting this area.	0	20	20
Non-Service					
Non-Service	Other	Increase to annual sums capital budget to support programme of asset maintenance and renewal/replacement.	500	500	0
Total previously agreed / revised pressures and investments			**4,180**	**3,486**	**320**

Appendix 7a – New Budget Savings for Consultation

Service Group	Proposal Number	Proposal Title	2024/25 £'000	2025/26 £'000	2026/27 £'000
Social Services					
Adult Services	1	Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.	109	0	0
Environment & Sustainability					
Housing & Communities	2	To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.	104	55	0
Environment & Public Protection	3	Charge for replacement (residual waste) bins	42	0	0
Infrastructure	4	Highways fees and Charges - Increase of Fees by 8%	24	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	5	Reduction in Newport Live Management Fee	194	0	0
Transformation & Corporate					
People, Policy & Transformation	6	Closure of Civic Centre for two days a week, reducing spend on utilities	94	0	0
Finance	7	Fraud prevention initiative	25	0	0
Total Savings			**592**	**55**	**0**

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Appendix 7b – New Budget Savings Implemented under Delegated Authority

Service Group	Proposal Number	Proposal Title	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	01	To delete a vacant Social Work post	60	0	0
Children Services	02	Independent Fostering Agency Savings	338	126	126
Children Services	03	Deletion of 1 post in the Youth Justice Team	43	0	0
Adult Services	04	Realignment of the Residential Care and community care budgets to reflect the current levels of income achieved.	353	0	0
Adult Services	05	To provide additional capacity within the appointeeship service to support vulnerable adults to generate additional income to become a self-funding service	48	0	0
Adult Services	06	Change in contribution requirement for regional Frailty pooled budget.	129	0	0
Prevention & Inclusion	07	Maximise use of external grants to reduce existing core budgets.	136	0	0
Prevention & Inclusion	08	Reduction of staff cover budgets in the Youth Service	5	0	0
Education					
Non Schools	09	Appropriate use of Welsh Government administration grant to support the roll out of universal free school meals	77	0	0
Non Schools	10	School Kitchen Maintenance and Repairs Budget	50	0	0
Non Schools	11	Reduction in Pupil Referral Unit Budget	60	0	0

Environment & Sustainability					
Housing & Communities	12	To maximise the use of the Housing Support Grant to fund Citizens Advice Bureau specialist debt advice to people who are homeless or threatened with homelessness.	40	0	0
Housing & Communities	13	Reducing council expenditure on temporary accommodation - homelessness	372	0	0
Housing & Communities	14	Increase fees - Environmental Health Housing	8	0	0
Housing & Communities	15	Reduction in Housing Strategy Legal Advice Budget	15	0	0
Environment & Public Protection	16	Heating energy cost reduction	75	0	0
Environment & Public Protection	17	Reduction in 'Energy for Waste' costs	25	0	0
Environment & Public Protection	18	Savings in waste budget	165	0	0
Infrastructure	19	Fleet Maintenance Team restructure	38	0	0
Infrastructure	20	Reduction in staffing and grant maximisation within Infrastructure	74	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	21	Increasing Non-Statutory Fees for Planning Services	13	0	0
Regeneration & Economic Development	22	Events Management Service	38	0	0
Regeneration & Economic Development	23	Planning Enforcement Student Officer	14	0	0

Transformation & Corporate					
Law & Standards	24	Reduction in Law and Standards admin support	16	0	0
People, Policy & Transformation	25	Reduce core funding for entry points and maximise the use of grant funding	94	0	0
People, Policy & Transformation	26	Increased income generation through provision of Newport Intelligence Hub services	36	0	0
People, Policy & Transformation	27	IT infrastructure and licence rationalisation	100	0	0
People, Policy & Transformation	28	Printing and Document Services Review	43	0	0
Finance	29	Realignment of budget to reflect income from collections (court costs)	50	0	0
Finance	30	Realignment of the discretionary rate relief budget	25	0	0
Finance	31	Transactional cost savings - future digital developments	73	0	0
Non Service					
Non Service	32	Reduction in energy budgets	324	0	0
Non Service	33	Reduction to the Council Tax Reduction Scheme budget to reflect current level of underspending.	250	0	0
Non Service	34	Reduction to the centrally held budget for Housing Benefit related costs.	150	0	0
Non-service	35	Budget realignments across various non-service headings.	150	0	0

Cross Service					
Cross Service	36	Reduce operational budgets across service areas	143	0	0
Cross Service	37	Increase vacancy provision across all service areas.	345	0	0
Total Savings			**3,975**	**126**	**126**

APPENDIX 8 – Medium Term Financial Projections (MTFP)

Appendix 1 - Medium Term Financial Plan	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Funding				
Base change in WG Revenue Support Grant (as per draft settlement for 24/25 and cash flat thereafter)	(13,450)	-	-	**(13,450)**
Estimated increase in NCC share of RSG due to population changes	-	(500)	(500)	**(1,000)**
Specifc grant - teachers pension	(3,419)	-	-	**(3,419)**
Increase in Council Tax Base - at 2023/24 rate	(488)	-	-	**(488)**
C. Tax @ 8.5% in 2024/25 and 4% thereafter	(7,195)	(3,521)	(3,662)	**(14,378)**
Less consequential increase in benefits	1,229	563	586	**2,378**
Council Tax Premiums	(600)	-	-	**(600)**
Change in Income/Funding	**(23,923)**	**(3,458)**	**(3,576)**	**(30,957)**
Revenue Investments / Increased Costs				
Pricing - Pay Inflation (non schools)	3,723	3,038	2,912	**9,673**
Pricing - Contract/ Income Inflation (non schools)	8,151	9,544	10,210	**27,905**
Pricing - Pay Inflation (schools)	6,430	4,988	4,616	**16,034**
Pricing - Contract/ Income Inflation (schools)	(589)	1,018	1,142	**1,571**
Demand - Schools	(37)	1,273	1,360	**2,596**
Standstill/ 'committed' position	**17,678**	**19,861**	**20,240**	**57,779**
Demand - Social Care	2,774	2,499	(400)	**4,873**
Demand - Other	1,218	519	-	**1,737**
Investments - Inc. Corporate Plan Promise	-	-	300	**300**
Other	6,209	1,495	635	**8,339**
Total Pressures	**27,879**	**24,374**	**20,775**	**73,028**
Reversal of previously agreed use of earmarked reserves	429	165	-	**594**
Gap Before Cost Reduction Plans	**4,385**	**21,081**	**17,199**	**42,665**
Budget Savings				
Previously agreed budget savings	713	50	-	**763**
New budget savings	4,567	181	126	**4,874**
Temporary use of earmarked reserves to offset pressures	400	-	(400)	**-**
Total Savings	**5,680**	**231**	**(274)**	**5,637**
Net budget gap/(surplus)	**(1,295)**	**20,850**	**17,473**	**37,028**

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APPENDIX 9 – Reconciliation of movements since Budget Consultation

	2024/25 (£000)	**2025/26 (£000)**	**2026/27 (£000)**
Balance as per Draft Budget (January 2024)	**(1,725)**	**20,850**	**17,473**
Funding changes:			
Net additional funding from introduction of Council Tax Premiums	(600)	0	0
Additional Non-Service savings	(150)	0	0
New Pressures/Investments:			
Fire Levy Increase	340	0	0
Housing investment to facilitate transformation	577	0	0
Increase in revenue budget contingency	263	0	0
Balance as per February 2024 Cabinet Meeting	**(1,295)**	**20,850**	**17,473**

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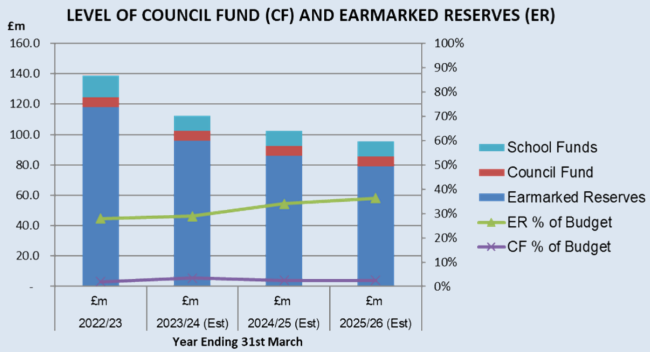
Appendix 10 - Financial Resilience

The following tables, charts and figures give an indication of the financial resilience of the Council as per the Statement of Accounts

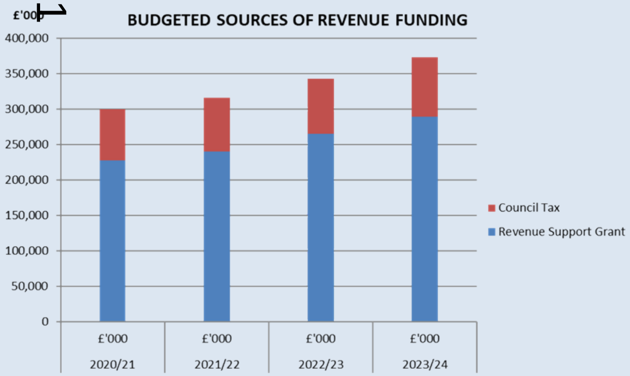
Level of Council Fund (CF) and Earmarked Reserves (ER)



Budgeted Sources of Funding

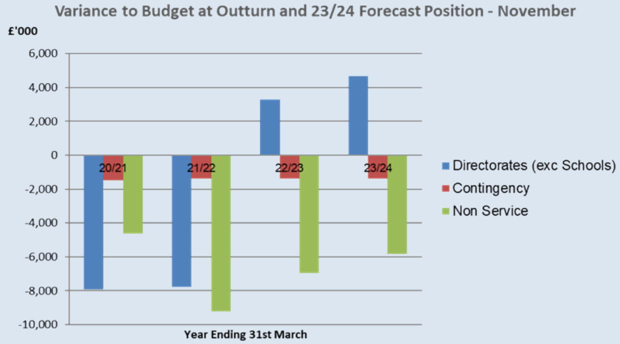
Total Revenue Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Revenue Support Grant	228,077	240,796	265,612	289,522
Council Tax	72,193	75,134	77,400	84,154
Total	300,270	315,930	343,012	373,676

Budgeted Revenue Funding Split

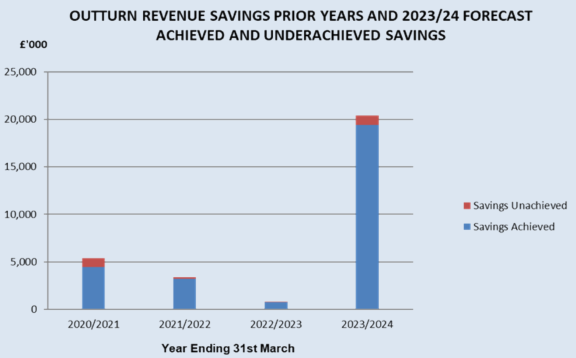


The figures below shows the outturn position for the prior 3 years for Revenue and the forecast position for 23/24

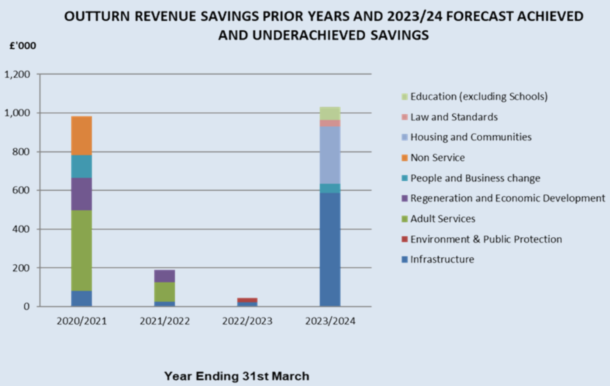
Revenue Outturn and 23/24 Forecast Position - November



Revenue Savings Achieved and Unachieved



Analysis of Unachieved Savings



The table below shows the forecast position for Capital.

2023/24 Capital Forecast Position - November

Services	Capital Expenditure 2023/24					
	23/24 Budget approved November Cabinet	Additions / Amendments	23/24 Budget to be approved January Cabinet	Forecast	Slippage	Over / Underspend
Education	36,394	137	36,531	34,364	(2,205)	38
Environment & Public Protection	11,918	602	12,520	11,896	(656)	32
Housing & Communities	104	0	104	104	0	0
People, Policy & Transformation	3,817	23	3,840	3,407	(236)	(197)
Prevention & Inclusion	3,111	558	3,669	3,736	77	(10)
Regeneration & Economic Development	19,326	60	19,386	13,417	(5,794)	(174)
Social Services	2,410	200	2,610	2,568	(42)	0
Infrastructure	10,114	176	10,291	9,901	(288)	(102)
Non Service	3,140	0	3,140	3,140	0	0
Total Budget	**90,333**	**1,756**	**92,089**	**82,532**	**(9,143)**	**(413)**

The tables below show the Medium Term Financial Plan (MTFP) and the risks facing the Council.

MTFP Scenario

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Financial Pressures	27,879	24,374	20,775	73,028
Funding Uplift	(16,869)	(500)	(500)	(17,869)
Budget Requirement Reduction	11,010	23,874	20,275	55,159
Increase in Ctax / tax base / premiums	(7,054)	(2,958)	(3,076)	(13,088)
Reserve transfers	429	165	0	594
Savings	(5,680)	(231)	274	(5,637)
Budget Gap	**(1,295)**	**20,850**	**17,473**	**37,028**

Capital Expenditure & Need to borrow

The table below is the Council's liability benchmark which compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. It is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making.

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	234.7	244.9	250.7	247.6	238.5
Less: Balance sheet resources	-140.5	-114	-103.8	-96.8	-93.8
Net loans requirement	94.2	130.9	146.8	150.9	144.7
Plus: Liquidity allowance	10	10	10	10	10
Liability benchmark	**104.2**	**140.9**	**156.8**	**160.9**	**154.7**

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APPENDIX 11a – Projected earmarked reserves

Reserve	Balance at 31-Mar-23 (£'000)	Balance at 31-Mar-24 (£'000) (Forecast)	Balance at 31-Mar-25 (£'000) (Forecast)	Balance at 31-Mar-26 (£'000) (Forecast)
	£'000	£'000	£'000	£'000
Council Fund	(6,500)	(6,500)	(6,500)	(6,500)
Balances held by schools for future use	(14,427)	(9,765)	(9,765)	(9,765)
Earmarked Reserves:				
Music Service	(134)	(134)	(134)	(134)
Pay Reserve	(1,418)	(1,418)	(1,418)	(1,418)
Insurance Reserve	(1,755)	(1,755)	(1,755)	(1,755)
MMI Insurance Reserve	(602)	(602)	(602)	(602)
Education Achievement Service	(79)	-	-	-
Schools Redundancies	(1,585)	(1,585)	(1,585)	(1,585)
General Investment Risk Reserve	(2,676)	(2,412)	(2,148)	(1,884)
European Funding I2A & CFW	(1,640)	(1,477)	(1,477)	(1,477)
MTFP Reserve	(7,818)	(8,256)	(8,256)	(8,256)
GEMS Redundancies	(78)	(78)	(78)	(78)
COVID Risk Reserve	(570)	(420)	(420)	(420)
SUB TOTAL - RISK RESERVES	**(18,355)**	**(18,137)**	**(17,873)**	**(17,609)**
Capital Expenditure	(16,648)	(13,213)	(10,759)	(6,605)
Capital Grants Unapplied	(5,158)	(1,648)	(848)	-
Transformation Fund	(7,391)	(4,644)	(3,566)	(3,363)
Super Connected Cities	(42)	-	-	-
School Works	(27)	(27)	(27)	(27)
School Reserve Other	(458)	(458)	(458)	(458)
Schools ICT Sustainability	(100)	(150)	(200)	(250)
Feasibility Reserve	(135)	(127)	(61)	(61)
Usable Capital Receipts	(9,830)	(6,619)	(4,158)	(3,813)
SUB TOTAL - ENABLING RESERVES	**(39,789)**	**(26,886)**	**(20,077)**	**(14,577)**
Local Development Plan	(545)	(497)	(497)	(497)
Strategic Development Plan	(165)	(220)	(220)	(220)
Glan Usk PFI	(1,514)	(1,433)	(1,352)	(1,271)
Southern Distributor Road PFI	(39,439)	(38,375)	(37,311)	(36,247)
Building Control	(124)	(124)	(124)	(124)
Loan modification technical reserve (IFRS 9)	(258)	(258)	(258)	(258)
Soft Loan interest equalisation reserve	(1,584)	(1,584)	(1,584)	(1,584)
SUB TOTAL - SMOOTHING RESERVES	**(43,629)**	**(42,491)**	**(41,346)**	**(40,201)**

APPENDIX 11a – Projected earmarked reserves

Reserve	Balance at 31-Mar-23 (£'000)	Balance at 31-Mar-24 (£'000) (Forecast)	Balance at 31-Mar-25 (£'000) (Forecast)	Balance at 31-Mar-26 (£'000) (Forecast)
Works of art	(21)	(21)	(21)	(21)
Theatre & Arts Centre	(232)	(232)	(232)	(232)
Environmental Health - Improve Air Quality	(49)	(49)	(49)	(49)
City Economic Development Reserve	(370)	(370)	(370)	(370)
Welsh Language Standards	(100)	(45)	(45)	(45)
Port Health	(20)	(20)	(20)	(20)
Financial System Upgrade	(437)	(89)	0	0
Events	(282)	(316)	(316)	(316)
Voluntary Sector Grants	(27)	(27)	(27)	(27)
IT Development	(53)	-	-	-
Joint Committee City Deal Reserve	(662)	(662)	(662)	(662)
Civil Parking Enforcement	(11)	-	-	-
Business Support	(81)	(81)	(81)	(81)
Business Development Grants	(250)	(244)	(244)	(244)
IT Infrastructure	(309)	(107)	(107)	(107)
PSB Contribution	(5)	(5)	(5)	(5)
COVID Reserve	(351)	(351)	(351)	(351)
Chief Education Grant	(2,208)	(1,899)	(1,899)	(1,899)
Home to School Transport - St Andrews / Millbrook	(314)	(532)	(532)	(532)
Housing Supply review	(16)	(16)	(16)	(16)
Cariad Casnewydd	(166)	(166)	-	-
Community Gardening Schemes	(180)	-	-	-
Market Arcade owner contributions	(51)	(51)	(51)	(51)
Parks & Open Spaces	(2,090)	(910)	-	-
Discretionary Rate Relief	(900)	(540)	(540)	(540)
Domiciliary Care Service Capacity (now Direct Payments)	(34)	-	-	-
St. Andrews Primary	(152)	(133)	(66)	-
Communications Corporate Requirement	(232)	(232)	(232)	(232)
Growing space - 2 years	(100)	(50)	-	-
Spring Gardens - short breaks service	(200)	-	-	-
Residential Care Home Equalisation Reserve	(621)	(621)	-	-
Partnership funding - ABUHB - Windmill Farm	(57)	(57)	-	-
Levelling up	(38)	(2)	(2)	(2)
Cost of living Support Scheme Reserve	(485)	(380)	(380)	(380)
Prior year underspend	(5,065)	-	-	-
Empty Homes	-	(258)	(258)	(258)
Transporter Bridge	-	(95)	(95)	(95)
SUB TOTAL - OTHER RESERVES	**(16,169)**	**(8,560)**	**(6,600)**	**(6,534)**
RESERVES TOTAL	**(138,868)**	**(112,340)**	**(102,162)**	**(95,187)**

APPENDIX 11b – Transformation Fund expenditure and forecast

Transformation Fund – Summary Forecast	**£000**
Balance b/f 31st March 2023	(7,391)
Total forecast expenditure 2023/24	2,747
Transformation Fund Balance as at 31st March 2024	**(4,644)**
Approved commitments in future years:	
2024/25	1,078
2025/26	203
Balance before new commitments arising from 2024/25 budget	**(3,363)**
New commitments arising from 2024/25 budget proposals	587
Remaining Transformation Balance available for future use	**(2,776)**

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Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Social Services

Income Source	23-24 Charge	Proposed 24-25	Unit of Charge (per	%
Other Local Authority Charges				
NCC Residential Homes (£ per week)				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
Respite Facilities (£ per week)				
Centrica - additional direct care support		variable depending on need		
Centrica - Standard rate	1,263	1,996	per week	58.1%
Day Services (£ per week)				
Short Breaks - sessional rate	57	61	per session (half day)	7.6%
Children's Residential charge to other LA or Health (£ per week)				
In-house children residential homes	Variable depending on needs of the child			
Newport Residents Charges				
NCC Residential Homes (£ per week)– stays over 8 weeks and permanent admissions).				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.				
NCC Residential Homes Respite/Short stays up to 8 weeks (£ per week)	Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.			0%
Blaen-y-pant - Residential & Dementia Care				
Parklands - Residential Care				
Spring Gardens - Dementia Care				
Respite Facilities (£ per week)				
Centrica				
Supported Housing (£ per week)				
Supported Housing for Learning Disability clients				
Day Services (£ per day)				
Day Services/Opportunities – Learning Disability				
Day Services/Opportunities – Mental Health/Older People				
Spring Gardens Short Breaks				
Legal and Administration Charges				
Deferred Payment Administration Charge (DPA)	£158	£290	each	83.5%
Legal charge	£210	£210	each	0.0%
Interest Charges	Variable - applied to property sales			
Residential care - provided by external providers *Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.*	Residents charge will be dependent on weekly charge from external provider			
Non-residential care - provided by external providers **Direct payments** *Where services are provided by external providers the charges made are based on actual costs paid to providers (after income assessment has been made)*	Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.			
Telecare				
Telecare package	Dependent on external provider charge			
New telecare package installation charge	£0	to be introduced in 24-25. Work on-going to determine charge		
Pendant Alarm monitoring basic package	£5	£5	per alarm per week	0.0%
Appointeeships				
Residential/Nursing	£32.88	£66.43	per month	102.0%
Supported Living/Community based/Complex	£60.32	£108.38	per month	79.7%
Management of Funerals	£25 p/hr	£1,854	per Funeral	
Management of mobility cars	£250	£1,030	per annum	
Deputyships	Dependent on external provider charge			
Animal welfare/property clearances	Dependent on external provider charge			
Protection of property NCC administration charge	0.00	49.50	per week	
Protection of property	Dependent on company charge			

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Infrastructure

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Transport and Highways				
Streetworks				
Skip License (28 days)	51.50	55.62	each	8%
Unauthorised skips	197.00	212.76	each	8%
Private works: new apparatus Sec 50	624.00	673.92	per metre	8%
Sec 50 – Licence for repair or replace	660.00	712.80	per metre	8%
S171 Highway Excavation	256.30	276.80	each	8%
Tower Crane Over sailing the Highway Licence: 10 working days notice required.	686.40	741.31	each	8%
Road space booking	228.80	247.10	each	8%
Filming on the highway (small scale)	220.00	237.60	each	8%
Filming on the highway (large scale)	600.00	648.00	each	8%
Temporary Traffic Orders	2,420.00	2,613.60	each	8%
Emergency Temporary Traffic Orders	2,420.00	2,613.60	each	8%
Bus service departure Fees (Market Square)	0.75	0.75	each	0%
SAB Pre Applications - area is <0.4 ha	302.50	314.60	each	4%
SAB Pre Applications - area is 0.5-0.99 ha	715.00	743.60	each	4%
SAB Pre Applications - area is >0.99 ha	1,193.50	1,241.24	each	4%
Pre Application Meeting - area is <0.49 hectares	143.00	148.72	each	4%
Pre Application Meeting - area 0.5-0.99 hectares	343.20	356.93	each	4%
Pre Application Meeting - area is > 0.99 hectares	572.00	594.88	each	4%
Additional SAB services	54.00	56.16	each	4%
SAB Full Applications - fees set by WG	£420 to maximum £7,500 (depending on size of site)	£420 to maximum £7,500 (depending on size of site)	each	
Section 38 application fees	1,716.00	1,716.00	application	0%
Section 278/111	1,716.00	1,716.00	application	0%
Vehicle crossing service - installation and inspection	£1,500 - £2,500 depending on size	£1,500 - £2,500 depending on size	each	0%
APM Access protection markings	286.00	297.44	each	4%
Temporary Sign Application	95.15	102.76	each	8%
Permanent/Tourism Sign applications	185.90	200.77	each	8%
E/O per sign	12.00	12.96	each	8%
Switch off existing signal installation and reinstate within office hours	484.00	522.72	each	8%
Switch off existing signal installation and reinstate outside office hours	572.00	617.76	each	8%
Cesspit emptying:				
1,000 gallons	174.72	174.72	per 1,000 gallons	0%
2,000 gallons	220.48	220.48	per 2,000 gallons	0%
Parking				
Residents parking permits	36.50	37.96	each	4%
Visitor parking permits (Book of 10)	14.00	14.56	per book of 10	4%
Business Parking	1,125.00	1,170.00	per annum	4%
Car Park Charges (exc Maindee)				
Up to 3 hours	2.60	2.80		8%
Up to 5 hours	4.70	5.10		9%
Over 5 hours	6.20	6.70		8%
City Centre Kingsway - up to 1 hour	1.10	1.20		9%
Maindee Car Park				
Up to 2 hours	1.10	1.20		9%
Up to 5 hours	2.60	2.80		8%
Over 5 hours	3.20	3.50		9%

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - People, Policy & Transformation

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Civic Centre Room Hire				
The charges for the Civic Centre below are subject to charging under the following criteria: - ***Full Charge** : Industrial or Business Organisations; Organisations whose members are engaged in trade, business or professional practice (other than student associations); Statutory official or Government Bodies including Local Government except where reciprocal arrangements apply.* - ***Half Price** : Political, Social or Trade Union Groups not included under full price or free* - ***Free (this applies to evening sessions only)** : Organisations devoted exclusively to charitable causes; Societies for the handicapped; Organisations for promotion of recreational activities for young people; Trade Union Branches whose members are employed by Newport City Council; Any political group meetings of Councillors and invited guests are free of charge (provided that not more than 25 % of the people attending the political group meetings are non Councillors). NB Any registered charities chaired by the Mayor of Newport can use the meeting rooms free of charge at any time*				
Council Chamber	85.00	88.40	per session	4%
	260.00	270.40	per day	4%
Committee Room 1	45.00	47.00	per session	4%
	130.00	135.00	per day	4%
Committee Room 2	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 3	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 4	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 5	25.00	26.00	per session	4%
	75.00	78.00	per day	4%
Committee Room 7	75.00	78.00	per session	4%
	230.00	239.00	per day	4%
Equipment Hire				
Full facilities in Committee Room 7 including staff assistance	64.50	67.00	per meeting	4%
Council Chamber Microphones	32.00	33.50	per meeting	5%
Council Chamber 1 Microphone	14.50	15.00	per meeting	3%
Beechwood House				
Meeting room - G1	67.50	70.00	half day	4%
Meeting room - G1	130.00	135.00	full day	4%
Meeting room - G5	67.50	70.00	half day	4%
Meeting room - G5	130.00	135.00	full day	4%
Meeting room - G6	52.00	54.00	full day	4%
Reception Room	52.00	54.00	full day	4%
Street Naming				
Property naming/renaming (does not cover newly built properties	48.50	50.50	per property	4%
Single Plot Development	134.00	139.50	per plot	4%
Development 2+ Plots	182.50	190.00	per site and per additional plot	4%
Changes to Development Layout after Notification	48.50	50.50	per plot affected	4%
Street Renaming at Residents Request	182.50	190	per street and per property	4%
Confirmation of Address to Conveyancers etc	48.50	50.50	per property	4%

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Law & Standards

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Legal Services (discretionary)				
Local Land Charges Official Search (Con 29 R)	118.80	124.00	per search	4%
Optional questions	14 (for 20 out of 22 questions) 17 (2 out of the 22 questions)	14 (for 20 out of 22 questions) 17 (2 out of the 22 questions)	per search	
Solicitors own questions	28.08	30.00	per search	7%
Additional parcel fee (Con29 R)	28.12	30.00	per search	7%
Additional parcel fee (total)	28.08	30.00	per search	7%
Query re: personal search (dealing with errors etc)	28.08	30.00	per search	7%
Legal Services (statutory)				
Local Land Charges (LLC1 only)	6.00	6.00	per search	0%
Local Land Charges (Nlis LLC1))	4.00	4.00	per search	0%
Additional parcel fee (LLC1)	1.00	1.00	per search	0%
Registrars Fees & Charges (statutory)				
Register Office (simple ceremony)	46.00	46.00	per event	0%
Church/Chapel ceremony attendance	86.00	86.00	per event	0%
Legal notice of marriage or civil partnership	35.00	35.00	per notice	0%
Designated Office Notice	47.00	47.00	per notice	0%
Certificate (issued at time of registration)	11.00	11.00	per certificate	0%
Certificate (issued within 28 days)	11.00	11.00	per certificate	0%
Same Day Service				
Certificate (from archive)	35.00	35.00	per certificate	0%
Regular Service				
Standard Certificate (from archive)	11.00	11.00	per certificate	0%
Short Certificate (from archive)	11.00	11.00	per certificate	0%
Ceremony Charges (discretionary)				
Mansion House - Monday to Friday	365.00	384.00	per event	5%
Mansion House - Saturday	440.00	462.00	per event	5%
Garden Room Wednesday	160.00	168.00	per event	5%
Approved Venue - Monday to Friday	475.00	499.00	per event	5%
Approved Venue - Saturday, Sunday	555.00	583.00	per event	5%
Approved Venue - Bank holidays	640.00	672.00	per event	5%
Commemorative certificate packs	11.00	11.00	per pack	0%
Save the Date Fee	35.00	37.00	per request	6%
Approved Premise Licensing	1,800.00	1,800.00	per licence	0%
Citizenship Ceremony (individual)	105.00	110.00	per event	5%
Citizenship ceremony (additional relative)	50.00	50.00	per person	0%
Certificate Search Fees				
Search 1 year either side of date				
Search a further 5 years	10.00	10.00	per request	0%
Search a further 10 years	20.00	20.00	per request	0%
Certificate Postage Costs - "signed for" delivery				
Administration Charge - Registrar Certificate	3.00	3.50	per envelope	17%
Administration Charge - Superintendent Certificate	3.00	3.50	per envelope	17%
Same day service certificates *	38.00	38.50		1%
Regular service applications *	14.00	14.50		4%
** These total charges are made up of 2 elements - the certificate (statutory fee for Priority or Regular service) plus postage - see sections above*				
NEW "Pilot" Fees proposed for 2024-25				
Intimate Ceremony - Garden Room Monday-Friday	N/A	88.00	per ceremony	N/A
Proof of life and residence for foreign pensions	N/A	10.00	per request	N/A

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Regeneration & Economic Development

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Current Retrospective Charge (applies to Building Control Charges only)	Proposed Retrospective Charge (applies to Building Control Charges only)	Unit of Charge (per hr / day etc.)	% Increase
Building Control Fees						
Single Storey Extensions						
Single storey extension, floor area not exceeding 10m²						
Full plans charge	325.00	357.50	487.50	536.00	each	10%
Single storey extension, floor area exceeding 10m² but not exceeding 40m²						
Full plans charge	404.17	444.50	606.26	667.00	each	10%
Single storey extension, floor area exceeding 40m² but not exceeding 100m²						
Full plans charge	466.67	513.50	700.00	770.00	each	10%
Two Storey Extensions						
Two storey extension not exceeding 40m²						
Building notice charge	466.67	513.50	700.00	770.00	each	10%
Two storey extension, floor area exceeding 40m² but not exceeding 100m²						
Full plans charge	570.83	628.00	856.25	942.00	each	10%
Loft Conversions						
Loft conversion that does not include the construction of a dormer	420.83	463.00	631.25	694.50	each	10%
Loft conversion that does include the construction of a dormer	466.67	513.50	700.00	770.00	each	10%
Garages and Carports						
Erection of extension of a non exempt detached domestic garage or carport up to 100m²	245.83	270.50	368.75	405.50	each	10%
Erection of a non exempt attached single storey extension of a domestic garage or carport up to 100m²	245.83	270.50	368.75	405.50	each	10%
Other						
Conversion of a garage to a habitable room(s)	245.83	270.50	368.75	405.50	each	10%
Alterations to extend or create a basement up to 100m²	466.67	513.50	700.00	770.00	each	10%
Underpinning	229.17	252.00	343.76	378.00	each	10%
Renovation of a thermal element to a single dwelling	87.50	96.50	131.25	144.50	each	10%
Creation of New Dwelling						
i) Plan charge	203.13	223.50		0.00	each	10%
ii) Inspection charge	406.87	447.50		0.00	each	10%
iii) Building notice charge	610.00	671.00	915.00	1,006.50	each	10%
Internal Alterations						
i) cost of works <£2,000	125.00	137.50	187.50	206.50	each	10%
ii) cost of works £2,001 to £5,000	204.17	224.50	306.26	337.00	each	10%
iii) cost of works £5,001 to £15,000	245.83	270.50	368.00	405.50	each	10%
iv) cost of works £15,001 to £25,000	345.83	380.50	380.50	570.50	each	10%
v) cost of works £25,001 to £40,000	441.67	486.00	662.50	729.00	each	10%
vi) cost of works £40,001 to £60,000	537.50	591.50	806.35	887.00	each	10%
Window Replacement						
Window replacement (non competent persons scheme) - 1 to 3 windows	83.33	91.50	125.00	137.50	each	10%
Window replacement (non competent persons scheme) - 4 to 20 windows	125.00	137.50	187.50	206.50	each	10%
Window replacement (non competent persons scheme) - 20+ windows	208.33	229.00	312.50	343.50	each	10%
Electrical Work						
Electrical work (not competent persons scheme) carried out by a qualified electrician in accordance with BS7671	133.33	146.50	200.00	220.00	each	10%
Electrical work carried out by others	279.17	307.00	418.76	460.50	each	10%
Installation of Heat Producing Appliance						
Installation of solid fuel heat producing appliance where the installer is not a member of a competent persons scheme	125.00	137.50	187.50	206.50	each	10%
Non Domestic Work						
Commercial Building - Floor Area not exceeding 40m²	533.00	586.50	799.50	879.50	each	10%
Commercial Building - Floor Area exceeding 40m² but not exceeding 100m²	612.50	674.00	918.75	1,010.50	each	10%
Commercial Building - Floor Area exceeding 100m² but not exceeding 200m²	891.67	981.00	1,337.51	1,471.50	each	10%
Underpinning - Est. cost up to £50,000	341.67	376.00	512.51	564.00	each	10%
Underpinning - Est. cost exceeding £50,000 and up to £100,000	441.67	486.00	662.51	729.00	each	10%
Underpinning - Est. cost up to £100,000 and up to £250,000	550.00	605.00	825.00	907.50	each	10%
Window Replacement						
Window Replacement - 1 to 20 windows	204.17	224.50	306.63	337.00	each	10%
Window Replacement - 21 to 50 windows	325.00	375.50	487.50	536.50	each	16%
New Shop front(s)						
Window Replacement - 1 to 20 windows	291.67	321.00	437.51	481.50	each	10%
Window Replacement - 21 to 50 windows	370.83	408.00	556.25	612.00	each	10%
Renovation of a thermal element - Est. cost up to £50,000	204.17	224.50	306.63	337.00	each	10%
Renovation of a thermal element - Est. cost exceeding £50,000 and up to £100,000	245.83	270.50	368.75	405.50	each	10%
Renovation of a thermal element - Est. cost exceeding £100,000 and up to £250,000	312.50	344.00	468.75	515.50	each	10%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Current Retrospective Charge (applies to Building Control Charges only)	Proposed Retrospective Charge (applies to Building Control Charges only)	Unit of Charge (per hr / day etc.)	% Increase
Alterations not described elsewhere inc. structural alterations and installation of controlled fittings						
Estimated cost up to £5,000	204.17	224.50	306.63	337.00	each	10%
Estimated cost exceeding £5,000 and up to £15,000	262.50	289.00	393.75	433.00	each	10%
Estimated cost exceeding £15,000 and up to £25,000	345.83	380.50	518.75	570.50	each	10%
Estimated cost exceeding £25,000 and up to £50,000	508.33	559.00	762.50	838.50	each	10%
Estimated cost exceeding £50,000 and up to £75,000	675.00	742.50	1,012.50	1,114.00	each	10%
Estimated cost exceeding £75,000 and up to £100,000	795.83	875.50	1,193.75	1,313.00	each	10%
Installation of Mezzanine floor up to 500m²	587.50	646.50	881.25	969.50	each	10%
Office Fit Out - floor up to 500m²	570.83	628.00	856.25	942.00	each	10%
Office Fit Out - floor 500m² to 2000m²	733.33	806.50	1,100.00	1,210.00	each	10%
Shop fit out - Floor up to 500m²	570.83	628.00	856.25	942.00	each	10%
Shop fit out - Floor 500m² to 2000m²	733.33	806.50	1,100.00	1,210.00	each	10%
Letter of acceptance to AIs	20.00	22.00	20.00	22.00	each	10%
Preliminary enquiries	50% of plan fee	50% of plan fee			each	
Museum and Art Gallery						
Educational Publications UK Rights	21.50	22.50				5%
Educational Publications World Rights	41.50	43.50				5%
Commercial Publications & Websites UK rights	42.50	44.50				5%
Commercial Publications & Websites world rights	88.50	92.00				4%
Publication Jacket, Covers & Homepages UK Rights	101.50	105.50				4%
Publication Jacket, Covers & Homepages World Rights	205.50	214.00				4%
Television Flash Fees UK rights	101.50	105.50				4%
Television Flash Fees world rights	200.50	208.50				4%
Digital Image 300 dpi	8.00	8.50				6%
Loans to UK based institutions (outside of Wales)	250.00	260.00				4%
Loans to Worldwide institutions	350.00	364.00				4%
Commission on artworks	Variable 33% of art work value	Variable 33% of art work value				0%
Ship Project						
Staff Consultancy and Training services						
Hourly Rate	80.00	83.20			per hour	4%
Staff Consultancy and Training services						
Day Rate	500.00	520.00			per day	4%
Faro Arm Rental	100.00	104.00			per day	4%
Transporter Bridge						
Day Ticket - Adult	4.00	4.00			per ticket	0%
Day Ticket - Child	3.00	3.00			per ticket	0%
Gondola - Adult (one way)	1.50	1.50			per ticket	0%
Gondola - Adult (return)	2.00	2.00			per ticket	0%
Gondola - Child (one way)	1.00	1.00			per ticket	0%
Gondola - Child (return)	1.50	1.50			per ticket	0%
Abseil Fee	280.00	291.00			per event	4%
Private Service	75.00	78.00			per event	4%
Filming fee	150.00	156.00			per hour	4%
Development Management Fees	Statutory fees - no change	Statutory fees - no change			per application	0%
Pre-application advice	Various depending on the scale of development	Various depending on the scale of development			per application	0%
Dangerous Structures - Building Control	Statutory fees - no change	Statutory fees - no change			per application	0%
Demolition Notice	Statutory fees - no change	Statutory fees - no change			per application	0%
Scaffolding permits (up to 6 months)	180.00	187.00			per 3 month permit	4%
Additional fee for scaffolding permits erected more than 6 months	90.00	93.00			per 3 month permit	3%
Additional fee for scaffolding permits erected more than 12 months	180.00	187.00			per 3 month permit	4%

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Housing & Communities

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Community Centres Room Hire				
Caerleon Town Hall				
Non Profit Making/ Voluntary Organisations				
Town Hall (Monday to Friday)	11.00	12.00	per hour	9%
Town Hall (Weekend)	15.75	17.00	per hour	8%
Memorial Hall (Monday to Friday)	8.50	9.00	per hour	6%
Memorial Hall (Weekend)	13.75	15.00	per hour	9%
Hire of Kitchen	6.25	6.75	per hour	8%
Small Group Organisations				
Town Hall (Monday to Friday)	13.75	14.75	per hour	7%
Town Hall (Weekend)	19.00	20.50	per hour	8%
Memorial Hall (Monday to Friday)	10.50	11.25	per hour	7%
Memorial Hall (Weekend)	15.75	17.00	per hour	8%
Hire of Kitchen	7.50	8.00	per hour	7%
Commercial/ Business (per hour)				
Town Hall (Monday to Friday)	17.00	18.25	per hour	7%
Town Hall (Weekend)	22.00	23.75	per hour	8%
Memorial Hall (Monday to Friday)	13.75	14.75	per hour	7%
Memorial Hall (Weekend)	19.00	20.50	per hour	8%
Hire of Kitchen	9.00	9.75	per hour	8%
Ringland Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall	16.75	18.00	per hour	7%
Meeting Rooms	16.75	18.00	per hour	7%
Membership Fee	1,250.00	1,350.00	per annum	8%
Small Group Organisations - Member Rates				
Meeting Rooms	22.00	23.75	per hour	8%
Main Hall - Half Day	65.75	71.00	Half Day	8%
Main Hall - Full Day	131.50	142.00	Half Day	8%
Small Group Organisations - Non Member Rates				
Meeting Rooms	29.50	31.75	per hour	8%
Main Hall - Half Day	99.00	107.00	Half Day	8%
Main Hall - Full Day	185.00	200.00	Full Day	8%
Alway Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall (Monday to Friday)	8.50	9.00	per hour	6%
Main Hall (Weekend)	19.50	21.00	per hour	8%
Meeting Rooms (Monday to Friday)	7.50	8.00	per hour	7%
Meeting Rooms (Weekend)	12.50	13.50	per hour	8%
Hire of Kitchen	5.75	6.25	per hour	9%
Small Group Organisations (per hour)				
Main Hall (Monday to Friday)	11.50	12.50	per hour	9%
Main Hall (Weekend)	23.50	25.50	per hour	9%
Meeting Rooms (Monday to Friday)	9.50	10.25	per hour	8%
Meeting Rooms (Weekend)	14.75	16.00	per hour	8%
Hire of Kitchen	5.75	6.25	per hour	9%
Commercial/ Business (per hour)				
Main Hall (Monday to Friday)	14.25	15.50	per hour	9%
Main Hall (Weekend)	29.50	31.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	16.75	18.00	per hour	7%
Hire of Kitchen	5.75	6.25	per hour	9%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Rivermead Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Both Halls (Monday to Friday)	21.50	23.25	per hour	8%
Both Halls (Weekend)	30.50	33.00	per hour	8%
Main Hall (Monday to Friday)	10.50	11.50	per hour	10%
Main Hall (Weekend)	20.00	21.50	per hour	8%
Meeting Rooms (Monday to Friday)	10.50	11.50	per hour	10%
Meeting Rooms (Weekend)	19.50	21.00	per hour	8%
Small Group Organisations (per hour)				
Both Halls (Monday to Friday)	24.75	26.75	per hour	8%
Both Halls (Weekend)	34.00	36.75	per hour	8%
Main Hall (Monday to Friday)	12.50	13.50	per hour	8%
Main Hall (Weekend)	21.50	23.25	per hour	8%
Meeting Rooms (Monday to Friday)	12.00	13.00	per hour	8%
Meeting Rooms (Weekend)	21.00	22.75	per hour	8%
Commercial/ Business (per hour)				
Both Halls (Monday to Friday)	30.50	33.00	per hour	8%
Both Halls (Weekend)	40.00	43.25	per hour	8%
Main Hall (Monday to Friday)	15.00	16.25	per hour	8%
Main Hall (Weekend)	24.75	26.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	24.00	26.00	per hour	8%
Bettws Day Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall (Monday to Friday)	11.00	12.00	per hour	9%
Main Hall (Weekend)	15.75	17.00	per hour	8%
Day Club (Monday to Friday)	8.50	9.25	per hour	9%
Day Club (Weekend)	13.75	14.75	per hour	7%
Hire of Kitchen	6.25	6.75	per hour	8%
Small Group Organisations (per hour)				
Main Hall (Monday to Friday)	12.50	13.50	per hour	8%
Main Hall (Weekend)	19.00	20.50	per hour	8%
Day Club (Monday to Friday)	10.50	11.25	per hour	7%
Day Club (Weekend)	15.75	17.00	per hour	8%
Hire of Kitchen	7.50	8.00	per hour	7%
Commercial/ Business (per hour)				
Main Hall (Monday to Friday)	16.75	18.00	per hour	7%
Main Hall (Weekend)	22.00	23.75	per hour	8%
Day Club (Monday to Friday)	13.75	14.75	per hour	7%
Day Club (Weekend)	19.00	20.50	per hour	8%
Hire of Kitchen	9.00	9.75	per hour	8%
Cefn Wood Centre				
Small Group Organisations (per hour)				
Leased to Education - SLA		As per SLA		
Maesglas Community Centre				
Main Hall (Monday to Friday before 6pm)	11.00	12.00	per hour	9%
Main Hall (Monday to Friday after 6pm)	22.00	24.00	per hour	9%
Main Hall (Weekend)	22.00	24.00	per hour	9%
Committee Room (Monday to Friday before 6pm)	11.00	12.00	per hour	9%
Committee Room (Monday to Friday after 6pm)	22.00	24.00	per hour	9%
Committee Room (Weekend)	22.00	24.00	per hour	9%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Community Centres - Equipment Hire				
Flip Charts	6.50	7.00	per pad	8%
Digital Projector	5.50	6.00	per day	9%
Interactive Screen	5.50	6.00	per day	9%
Malpas Court				
The Library Room	36.75	40.00	per half day	9%
The Drawing Room	57.75	62.50	per half day	8%
Library and Drawing Room combined	73.50	80.00	per half day	9%
Room 14	52.50	56.50	per half day	8%
The Library Room	63.00	75.00	per full day	19%
The Drawing Room	105.00	120.00	per full day	14%
Library and Drawing Room combined	147.00	160.00	per full day	9%
Room 14	94.50	102.00	per full day	8%
Library and Drawing Room combined	21.00	22.75	per hour	8%
Room 14	15.75	17.00	per hour	8%
Eveswell Community Centre				
Voluntary Groups				
Main Hall (Monday to Friday)	8.50	9.25	per hour	9%
Main Hall (Weekend)	19.50	21.00	per hour	8%
Meeting Rooms (Monday to Friday)	7.25	7.75	per hour	7%
Meeting Rooms (Weekend)	12.50	13.50	per hour	8%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Chargeable Sessions				
Main Hall (Monday to Friday)	11.50	12.50	per hour	9%
Main Hall (Weekend)	23.75	25.75	per hour	8%
Meeting Rooms (Monday to Friday)	9.50	10.25	per hour	8%
Meeting Rooms (Weekend)	14.75	16.00	per hour	8%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Commercial Rate				
Main Hall (Monday to Friday)	14.25	15.50	per hour	9%
Main Hall (Weekend)	29.50	31.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	16.75	18.00	per hour	7%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Gaer Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.75	13.75	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%
Small Group Organisations				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.50	13.50	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%
Commercial/Business				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.50	13.50	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Libraries				
Fines (per day)	0.20	0.22	per day	10%
Overdue Administration Adult	0.30	0.32	per letter	7%
Replacement Library Card	4.00	4.00	each	0%
Lost Books and other items	Sliding scale linked to Book Price	Sliding scale linked to Book Price	each	
Photocopying B&W A4	0.20	0.22	per copy	10%
Photocopying B&W A3	0.30	0.32	per copy	7%
Photocopying Colour A4	1.10	1.20	per copy	9%
Photocopying Colour A3	1.60	1.75	per copy	9%
Computer Printout A4	0.20	0.22	per copy	10%
Computer Printout A3	0.30	0.32	per copy	7%
Hire of Talking Books	1.40	1.50	each	7%
Charge for late return of Talking Books	0.20	0.22	per day	10%
Family History Research	30.00	32.50	per hour	8%
Hire of Rooms	16.00	17.25	per hour	0%
Houses in Multiple Occupation Pre-licensing Advice Service				
Property inspection and report with one schedule & fire plan	238.37	257.44	per survey	8%
Property inspection and report with 2 schedules & fire plans	297.82	321.65	per survey	8%
Each additional proposal over 2 proposals above	59.45	64.21	per additional proposal	8%
Property Surveys (Non-Statutory)	230.11	253.12	per survey	10%
Health and Safety - swimming pool/spa pool resamples following unsatisfactory result (plus VAT)	84.70	93.17	per sample	10%
Houses In Multiple Occupation Licensing Fees				
(i) Initial Licence	1,231.47	1,354.61	per licence	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,704	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(ii) Renewal of Licence made before expiry of existing licence	918.49	1010.34	per renewal	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,499	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(iii) Renewal of Licence made after expiry of existing licence	1,161.76	1,277.94	per renewal	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,704	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(iv) Licensing following revocation of previous licence (where ownership unchanged)	918.49	1010.34	per application	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,499	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(v) Licence Variations				
Property inspection required	104.94	115.43	per variation	10%
Licensing inspections - owner/manager etc. cancellations with less than 48 hours' notice/failure to attend to	30.00	33.00		10%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Camp Site Licences	805.07	885.58	per site licence	10%
Mobile Homes				
Site Licence fees - small site (3-10 caravans)	805.07	885.58	per site licence	10%
Site Licence fees - medium site (11-49 caravans)	898.88	988.77	per site licence	10%
Site Licence fees - large site (50+ caravans)	1,072.72	1,179.99	per site licence	10%
Site Licence fees - sites of 2 or fewer pitches	0.00	0.00	per site licence	0%
Amendment to site licence conditions - variation	73.14	80.45	per amendment	10%
Amendment to site licence conditions - variation requiring an inspection	189.74	208.71	per amendment	10%
Fee to deposit site rules	60.95	67.05	per fee	10%
Fee for replacement licence	18.02	19.82	per replacement licence	10%
Fixed Penalty Notice charge	101.23	111.35	per FPN charge	10%
Housing Act 2004 Notice Fees	440.96	485.06	per notice	10%
Each additional notice (where schedule is identical) served on another recipient at the same time (charges added and split equally across recipients)	59.36	65.30	per notice	10%

Appendix 12 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Environment & Public Protection

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Cemeteries				
Exclusive right of burial and issue deed and marker for:				
Standard grave space not exceeding 2.15m x 0.76m (30'') including headstone permit	1,325.50	1,378.52	per plot	4%
Large or special external coffin size over 30" including the extended size of coffin handles £60.00 per inch.	68.75	68.75	per inch	0%
Green burial in green burial area - excluding headstone permit	886.60	922.06	per plot	4%
Cremated remains in Garden of Rest – grave space not exceeding 0.23m x 0.92m	633.60	658.94	per plot	4%
Interments – including use of grass mats as necessary				
Stillborn child or child not exceeding one month	no charge	0.00	per plot	
Child one month to eighteen years	no charge	0.00	per plot	
Persons exceeding eighteen years	1,441.00	1,498.64	per plot	4%
Interment of second person in grave space on same day	229.35	238.52	per plot	4%
Cremated remains in full grave space	319.55	332.33	per plot	4%
Cremated remains in garden of rest	319.55	332.33	per plot	4%
Interment of second person cremated remains in same space on same day	319.55	332.33	per plot	4%
Scattering of ashes	173.80	180.75	each	4%
Scattering of ashes of second person at same time	136.95	142.43	each	4%
Headstones and Tablets – including all inscriptions				
Columbaria Sanctum 2000 Units – above ground	2,682.60	2,789.90	each	4%
second and subsequent Interment Sanctum 2000 units	74.80	77.79	each	4%
Memorial plaque - NCC owned and maintained bench	457.60	475.90	each	4%
Other Services and Items				
Administrative research of burial records (per 30 minute period)	39.05	40.61	per 30 minutes	4%
Provision of fibreglass burial cube	1,015.85	1,056.48	each	4%
Provision of BROXAP bench and concrete plinth	1,581.60	1,644.86	each	4%
Exhumation of Ashes	319.55	332.33	each	4%
Exhumation Full - Facilitation undertaken in house	2,856.00	2,970.24	each	4%
Exhumation of a child under the age of 3 years	655.20	681.41	each	4%
Exhumation of a child aged 3 - 8 years	904.80	940.99	each	4%
Exhumation of a child aged 8 - 14 years	1,154.40	1,200.58	each	4%
Exhumation of a child aged 14 -18 years	1,428.00	1,485.12	each	4%
Statutory Declaration	62.15	64.64	each	4%
Incorrect or missing details off forms. Interment forms not complete and where required, return to funeral directors to complete forms.	17.05	17.73	each	4%
Change in Circumstances (Grant name, marriage etc)	37.95	39.47	each	4%
Cancellation of Funeral (48hrs)	371.25	386.10	each	4%
Change in Funeral Times	37.95	39.47	each	4%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Copy of Exclusive Right of Burial (LOST/MISPLACED)	185.90	193.34	each	4%
Grant of Exclusive Right - 50 YEARS	1,039.50	1,081.08	each	4%
Grant of Exclusive Right - 25 YEARS	519.75	540.54	each	4%
Fee for plot for Non Newport resident	2,549.25	2,651.22	each	4%
Additional Tablet on Existing plot with Headstone	227.70	236.81	each	4%
Fee for new ashes plot Non Newport resident	1,586.20	1,649.65	each	4%
Headstone fee - Before April 2011	438.90	456.46	each	4%
Tablet Fee - Before April 2011	227.70	236.81	each	4%
Additional inscription	71.50	74.36	each	4%
Weekend Burial Services (Standard Burial Charges also apply)	595.10	618.90	each	4%
Memorial tree (no plinth)	565.40	678.48	each	20%
Traditional Graves (allowing the installation of full kerb sets). Additional cost on top of the purchasing of a grant of exclusive right.	457.60	475.90	each	4%
Double Depth Grave	228.80	237.95	each	4%
Triple Depth Grave	343.20	356.93	each	4%
Test Dig of a Grave	160.60	167.02	each	4%
Bricking up a Single Grave	743.60	773.34	each	4%
Bricking up a Double Grave	1,487.20	1,546.69	each	4%
Poly urn for sanctums	290.50	290.50	each	0%
Allotment Rents - admin charge per plot	36.00	36.72	per plot	2%
Allotment Perch Fee (Plots can be made up of multiple perches - each perch represents approx 25m2)	4.07	4.07	per perch	0%
Public Rights of Way				
Public rights of way temporary order (minimum cost of officer time only)	1,830.40	1,903.62	each	4%
Public rights of way permanent order (minimum cost officer time only)	2,163.20	2,249.73	each	4%
Car Parking in City Parks				
Up to 2 hours	1.00	1.00		0%
Up to 5 hours	3.00	3.00		0%
Over 5 hours	5.00	5.00		0%
Car parking Fourteen Locks Canal Centre	0.00			
Up to 4 hours	1.00	1.00		0%
Up to 5 hours	2.50	2.50		0%
Over 5 hours	3.00	3.00		0%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Waste Collection				
Trade waste collection:-				
Trade blue sacks	32.24	33.50	per roll of 13	4%
Trade blue labels	64.48	67.00	per pack of 26	4%
Recycling sacks	15.08	N/A	per roll of 13	
Cardboard labels	11.96	N/A	per pack of 10	
Non-recyclable 240 Litre bin	6.76	6.50	per collection	-4%
Non-recyclable 360 Litre bin	8.84	8.20	per collection	-7%
Non-recyclable 660 Litre bin	15.60	15.00	per collection	-4%
Non-recyclable 1100 Litre bin	26.00	25.00	per collection	-4%
New - Recycling 1100l bin	N/A	11.90	per collection	
New - Recycling 660l bin	N/A	7.40	per collection	
New - Recycling 360l bin	N/A	4.00	per collection	
New - Recycling 240l bin	N/A	4.00	per collection	
New - Food waste 240l bin	N/A	5.00	per collection	
New - Hire of 240 Litre bin	N/A	0.11	per day and bin	
New - Hire of 360 Litre bin	N/A	0.11	per day and bin	
New - Hire of 660 Litre bin	N/A	0.15	per day and bin	
New - Hire of 1100 Litre bin	N/A	0.20	per day and bin	
New - Recycling sack collection	N/A	10.00	per collection	
New - Recycling caddie 23l	N/A	2.50	each	
New - Internal containers	N/A	Variable		
New - Penalties for contamination/excess waste	N/A	Variable		
Residual bin replacement	22.36	23.70	each	6%
New Developments - set of new bins	56.16	58.41	each	4%
Bulky/Special Collection	22.00	22.00	up to 3 item	0%
	6.00	6.00	additional items above £21	0%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Waste Disposal Charges				
Active Waste Disposal Charge (set gate fee but variables for asbestos and commercial waste contracts)	64.90	67.50	per tonne	4%
Inactive Waste Disposal Charge	19.25	20.02		4%
Parks And Open Spaces				
Belle Vue Park				
Commercial Photography (Wedding Photography professional)- Annual Permit	97.90	101.82	annually	4%
Caerleon Pavilion				
Commercial hire per hour	19.80	20.59	per hour	4%
Education hire per hour	15.95	16.59	per hour	4%
Children's Parties per hour	15.95	16.59	per hour	4%
Community Groups hire per hour	12.65	13.16	per hour	4%
Parks General				
Provision of BROXAP bench and concrete plinth	1,581.60	1,644.86	per item	4%
Memorial plaque - NCC owned and maintained bench	457.60	494.21	each	8%
Tredegar Park Bike Scheme				
Newport Resident under 18	0.00	0.00		0%
Newport Resident over 18	0.00	0.00		0%
Non Newport Resident under 18	3.63	4.17		15%
Non Newport Resident over 18	6.05	6.66		10%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Sport and Leisure Pitch Hire				
Football				
Pitch only (adult) (per match/pitch) summer and winter	42.83	44.54	each	4%
Pitch and 1 x changing (adult) (per all sports summer and winter)	60.19	62.60	each	4%
Changing room (all ages)	25.41	26.43	each	4%
Seasonal football charge exclusive use – football pitch only	1,283.76	1,335.11	each	4%
Seasonal football charge exclusive use - football pitch and changing room	1,477.56	1,536.67	each	4%
Seasonal football charge priority - pitch only	673.40	700.34	each	4%
Seasonal football charge priority - pitch & changing room	906.95	943.23	each	4%
Seasonal football charge standard - pitch only	487.80	507.31	each	4%
Seasonal football charge standard - pitch and changing room	768.54	799.28	each	4%
Seasonal football charge general use - Sunday sides - pitch only	375.23	390.24	each	4%
Seasonal football charge general use - Sunday sides - pitch and changing room	519.72	540.51	each	4%
Football pitch hire aged 11-12 years	10.30	10.71	each	4%
Football pitch hire and changing rooms aged 11-12 years	17.05	17.73	each	4%
Football pitch hire aged 13-16 years	20.89	21.73	each	4%
Football pitch hire and changing rooms aged 13-16 years	31.83	33.11	each	4%
Rugby				
Pitch only (adult) (per match/pitch) summer and winter	42.83	44.54	each	4%
Pitch and 1 x changing (adult) (per all sports summer and winter)	60.19	62.60	each	4%
Changing room (all ages)	23.10	24.02	each	4%
Rugby - exclusive use pitch and changing	1,477.36	1,536.46	each	4%
Rugby - exclusive pitch only	1,283.57	1,334.91	each	4%
Rugby - standard pitch	487.92	507.44	each	4%
Rugby - standard pitch and changing	724.84	753.83	each	4%
Rugby pitch hire aged 11-12 years	10.30	10.71	each	4%
Rugby pitch hire and changing rooms aged 11-12 years	17.05	17.73	each	4%
Rugby pitch hire aged 13-16 years	20.89	21.73	each	4%
Rugby pitch hire and changing rooms aged 13-16 years	28.94	30.10	each	4%
Glan Usk				
Glan Usk Astro Juniors	27.74	28.85	each	4%
Glan Usk Astro Seniors	57.20	59.49	each	4%
Tennis courts - Tredegar Park (New charges)				
Annual Pass - student	N/A	39.00	Annual	N/A
Annual Pass - Family	N/A	19.00	Annual	N/A
Pay and Play	N/A	4.50	per hour	N/A

Appendix 12 – Fees & Charges

Income Source		23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Events					
	Major Charitable Events - Price upon application Charity Events land hire (per day discretionary)	257.40	267.70	each	4%
	Setup and Derig	367.95	382.67	each	4%
	Fun fair 1-3 rides	367.95	382.67	each	4%
	Fun fair 3 plus ride	612.70	637.21	each	4%
	Outdoor cinema	490.60	510.22	each	4%
	Catering/Commercial stall per trader	147.40	153.30	each	4%
	Alcohol bar	1,226.50	1,275.56	each	4%
	NCC Street Cleaning Service per day	371.80	386.67	each	4%
	Major Commercial Events - Price upon application Commercial Events land hire (per day discretionary)	643.50	669.24	each	4%
	Setup and Derig	619.30	644.07	each	4%
	Fun fair 1-3 rides	495.00	514.80	each	4%
	Fun fair 3 plus ride	619.30	644.07	each	4%
	Outdoor cinema	619.30	644.07	each	4%
	Catering/Commercial stall per trader	185.90	193.34	each	4%
	Alcohol bar	2,475.00	2,574.00	each	4%
	NCC Street Cleaning Service per day	371.80	386.67	each	4%
	Low Key Community Events (no Income Generation (per day))	64.35	66.92	each	4%
	Community Events Income Generation (per day)	124.30	129.27	each	4%
	Catering/Commercial stall per trader (New)	N/A	64.00	each	N/A
	Fun fair 1-3 rides/Inflatables (New)	N/A	64.00	each	N/A
	Site clean up (if required) (New)	N/A	100.00	each	N/A
	Land rental for car boot sales - location Tredegar park when available	321.20	334.05	each	4%
Lodges - Rental Costs					
	Grove Park Lodge	658.90	685.26	per month	4%
	Shaftesbury Park Lodge	660.00	686.40	per month	4%
	Christchurch Cemetery Lodge	595.10	618.90	per month	4%
	St.Woolos Cemetery Lodge	735.90	765.34	per month	4%
	Belle Vue Park - top lodge	735.90	765.34	per month	4%
	Belle Vue Park - Residential Lodge Rent	676.50	703.56	per month	4%
Filming					
	Student Filming	0.00	0.00		
	Independent Filiming (New)	N/A	93.60	per hour	N/A
	Independent Filming (New)	N/A	356.93	half day	N/A
	Independent Filming (New)	N/A	713.86	full day	N/A
	Comercial Filming (New)	N/A	187.20	per hour	N/A
	Commercial Filming	686.40	686.40	half day	0%
	Commercial Filming	1,372.80	1,372.80	full day	0%
	Displaying of Banners	28.60	28.60	display period	0%
	CCTV for NCC clients		per SLA	per SLA	
	CCTV for non-NCC clients		per contrac	per contract	
	Environmental Health Advice and Training	Variable	Variable	per contract	

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Port Health Ship Sanitation Certificates				
Gross Tonnage				
Up to 1,000	As per APHA Board decision	As per APHA Board decision	per certificate	
1,001 to 3,000	As per APHA Board decision	As per APHA Board decision	per certificate	
3001 to 10,000	As per APHA Board decision	As per APHA Board decision	per certificate	
10,001 to 20,000	As per APHA Board decision	As per APHA Board decision	per certificate	
20,001 to 30,000	As per APHA Board decision	As per APHA Board decision	per certificate	
Over 30,000	As per APHA Board decision	As per APHA Board decision	per certificate	
With exception of vessels with capacity to carry between 50 and 100 persons	As per APHA	As per APHA	per certificate	
With exception of vessels with capacity to carry more than 1,000 persons	As per APHA	As per APHA	per certificate	
Extensions to Certificates	As per APHA Board decision	As per APHA Board decision	per certificate	
Tables and Chairs (Licence)				
Annual Fee	175.50	175.50	per licence	0%
4 chairs	64.50	64.50	per licence	0%
12 Chairs	99.50	99.50	per licence	0%
24 chairs	175.50	175.50	per licence	0%
24+ chairs	216.50	216.50	per licence	0%
smoking area	58.50	58.50	per licence	0%
change name on licence	29.00	29.00	per licence	0%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Animal Establishment Licensing				
Application Audit Pre Audit Inspection	50.00	50.00	per hour	0%
Re Audit - In the event a licence is not issued following an audit the fee for an additional visit will be required.	50.00	50.00	per hour	0%
[a] Riding Establishments (Application Audit applies - see above)				
Up to 10 horses	138.00	143.52	per licence	4%
11 to 20 horses	169.00	175.76	per licence	4%
21 to 30 horses	181.00	188.24	per licence	4%
[b] Animal Boarding Establishments (Application Audit applies - see above)				
Pet Sitters	158.00	164.32	per licence	4%
Up to 25 animals	158.00	164.32	per licence	4%
25 to 50 animals	179.00	186.16	per licence	4%
Over 51 animals	210.00	218.40	per licence	4%
[c] Pet Shops (Application Audit applies - see above)	131.00	136.24	per licence	4%
[d] Dangerous Wild Animals (Application Audit applies - see above)	604.00	628.16	per licence	4%
[e] Dog Breeding Establishments (Application Audit applies - see above)	131.00	136.24	per licence	4%
[f] Zoo Licence (Application Audit applies - see above)	1,153.00	1,199.12	per licence	4%
For [a] to [f] above, in addition to the licence fee, the licensee to pay the Council's veterinary fees. The fee is payable on application and is not refundable if a licence is not issued.				
Stray Dogs Reclaiming Fees:				
Dogs reclaimed within 4 hours (New)	N/A	54.00	per dog	N/A
Dogs reclaimed after one day	104.00	108.16	per dog	4%
Dogs reclaimed after two day	120.00	124.80	per dog	4%
Dogs reclaimed after three day	137.00	142.48	per dog	4%
Dogs reclaimed after four day	151.00	157.04	per dog	4%
Dogs reclaimed after five day	168.00	174.72	per dog	4%
Dogs reclaimed after six overnight stays	183.00	190.32	per dog	4%
Dogs reclaimed after seven overnight stays	199.00	206.96	per dog	4%
Dogs reclaimed and staying with the kennels for an extended period (charge per night)	12.00	12.00	per dog	0%
However there will be discretion given to the Kennels Officer on the level of charging due to unusual circumstances. Further, where the Council has found it necessary to pay for vet treatment, these fees should be passed on to the owner reclaiming the dog.				
Dog re-homing fee	Variable		per dog	

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
[a] Ear piercing, acupuncture, electrolysis and Tattooing - Registration				
Premises	118.72	123.47	per registration	4%
Practitioners	118.72	123.47	per registration	4%
Replacement Certificates	29.68	30.87	per certificate	4%
Addition of new Procedure to existing Certificate	59.36	61.73	per certificate	4%
Temporary Premises for Public Event	82.15	85.44	per registration	4%
Temporary Practitioners for Public Event	40.81	42.44	per registration	4%
Voluntary Surrender of Food Certificate	71.02 for first half hour and 71.02 for every additional half hour or part thereof plus VAT	73.86 for first half hour and 73.86 for every additional half hour or part thereof plus VAT	per certifica	4%
Collection and Disposal of Food (with or without agreement)	To be determined by cost of disposal and officer time	To be determined by cost of disposal and officer time	per disposal & hour	
Food Hygiene Rating Scheme - Rescore Fee	180.00	180.00	per certificate/ abortive visit	0%
[c] Export Health Certificates				
Export Health Certificate - Food Safety (per certificate)	139.39	144.97	per certifica	4%
Local land searches/Environmental Information Regulations requests in respect of contaminated land etc. [other than those under the Local Land Charges Act 1975]	70.49 for first hour and 70.49 for each additional	73.31 for first hour and 73.31 for each additional	per hour	4%
UK Entrance Clearance - Premises Assessment				
Property inspection	229.90	239.10	per inspection	4%
Re-assessment for additional person (within 6 months)	117.70	122.41	per assessment	4%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Works in Default - Administration fee				
	Fee charged by the contractor (ex.VAT) plus:	Fee charged by the contractor (ex.VAT) plus:		
	20% for fees up to £1,000	20% for fees up to £1,000		
	10% for fees £1,001+	10% for fees £1,001+		
	*Fee charged by contractor plus "officer time" charge (up to a max. of the above charge) where RS Manager agrees defaulter has special circumstances.	*Fee charged by contractor plus "officer time" charge (up to a max. of the above charge) where RS Manager agrees defaulter has special circumstances.		
Port Health – Water Sampling				
(i) Drinking water – Microbiological (First Sample) (Plus VAT)	122.65	127.56	per sample	4%
(ii) Drinking water – Microbiological (each subsequent sample) (plus VAT)	86.35	89.80	per sample	4%
(iii) Legionella water sample (first sample) (plus VAT)	145.75	151.58	per sample	4%
(iv) Legionella water sample (each subsequent sample) (plus VAT)	109.45	113.83	per sample	4%
Port Health – Organic Animal Feed and Food Import Certificate	45.00	45.00	National flat rate charge of £45	0%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Sports Grounds General Safety Certificates				
General Safety Certificates	Cost recovery up to maximum of £500	Cost recovery up to maximum of £500	per certificate	0%
Special Safety Certificates for Sports Grounds	186.56	194.02	per certificate	4%
Street Trading				
City centre pitch - application fee (monthly)	64.89	67.49	per licence	4%
City centre pitch - application fee (quarterly/full year)	196.56	204.42	per licence	4%
License fee (daily) - static trader	59.28	61.65	per licence	4%
License fee (weekly) - static trader	118.56	123.30	per licence	4%
License fee (monthly) - static trader	328.64	341.79	per licence	4%
License fee (quarterly) - static trader	460.72	479.15	per licence	4%
License fee (full year) - static trader	1,052.48	1,094.58	per licence	4%
City centre pitch - license fee (full year) - static trader	3,289.52	3,421.10	per licence	4%
License fee (daily) - mobile trader	59.28	61.65	per licence	4%
License fee (weekly) - mobile trader	118.56	123.30	per licence	4%
License fee (monthly) - mobile trader	155.53	161.75	per licence	4%
License fee (quarterly) - mobile trader	196.56	204.42	per licence	4%
License fee (full year) - mobile trader	394.16	409.93	per licence	4%
Taxi Licensing Fees				
Vehicles - less than 5 years	83.00	83.00	per licence	0%
Vehicles – more than 5 years, less than 10	114.00	114.00	per licence	0%
Vehicles – over 10 Years	166.00	166.00	per licence	0%
Drivers 3 year	249.00	249.00	per licence	0%
Driver instalments	83.00	83.00	per licence	0%
Operators 1-9 vehicles	1,000.00	1,000.00	per licence	0%
Operators 10-19 vehicles	1,500.00	1,500.00	per licence	0%
Operators 19-35 vehicles	2,000.00	2,000.00	per licence	0%
Operators 35+ vehicles	2,500.00	2,500.00	per licence	0%
Replacement rear plate	19.00	19.00	per item	0%
Replacement internal plate	12.00	12.00	per item	0%
Replacement licence	6.00	6.00	per licence	0%
Replacement bracket	13.00	13.00	per item	0%
Replacement Badge	19.00	19.00	per item	0%
Transfer Plate	65.00	65.00	per item	0%
Change of vehicle	115.00	115.00	per licence	0%
Knowledge test	65.00	75.00	per test	15%
Scrap Metal				
Site Licence	524.16	545.13	per licence	4%
Variation of licence	59.28	61.65	per licence	4%
Collectors licence	341.12	354.76	per licence	4%

Appendix 12 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Private Water Supplies				
Risk Assessment (each assessment) - Up to 3 hours	£189.00 for up to 3 hours plus £63.00 for each additional hour or	£189.00 for up to 3 hours plus £63.00 for each additional hour or	per assess-ment	0%
Sampling (each visit)	£100*	£100*	per sample	0%
Investigation (each investigation)	£100* plus the analysis cost	£100* plus the analysis cost	per investi-gation	0%
Grant of an authorisation (each authorisation)	£100*	£100*	per authori-sation	0%
Analysis (taken under regulation 10)	£25*	£25*	per analysis	0%
Analysis (taken during check monitoring)	Analysis cost up to £100*	Analysis cost up to £100*	per analysis	0%
Analysis (taken during audit monitoring))	Analysis cost up to £500*	Analysis cost up to £500*	per analysis	0%
** Maximum permitted by regulation*				
Fireworks - all year sales licence (set at statutory maximum)	500.00	500.00	per licence	0%

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APPENDIX 13 – Equalities Issues

Budget Proposals and Fairness and Equality Impact Assessments (FEIA).

In line with the council's legal duties as set out in the Equality Act 2010 and the Welsh Language (Wales) Measure 2015, all budget proposals have undergone a full equality impact assessment. Equality impact assessments can be found here.

As part of the council's Equality Duties the authority is required to evidence its consideration of the impacts of decisions on people that share Protected Characteristics. The Welsh Government enacted the Socio-economic Duty on 31st March 2021 which requires the council to pay due regard, in its strategic decision making, to the need to minimise inequalities of outcome arising as a result of socio-economic disadvantage. The Council has considered key 'domains' of inequalities of outcome in line with those included in the Welsh Index of Multiple Deprivation (WIMD) and the Equality and Human Rights Commission's Measurement Framework for Equality and Human Rights.

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Report

Cabinet

Part 1

Date: 14 February 2024

Subject **Newport City Council Social Value Outcomes against Core TOMs (Themes, Outcomes and Measures) in Procurement.**

Purpose To update Cabinet on the outcome of using the NCC core list of TOMs to measure and report on Social Value outcomes through procurement and contracting for the six month period up until October 2023.

Author Head of Finance
Procurement Manager

Ward All

Summary The TOMs for social value is a measurement framework that allows for an unlocking of social value through its integration into procurement and project management. The NCC core list of TOMs was approved by Cabinet in March 2023, and was subsequently embedded into procurement processes in the months following. Cabinet have requested a six monthly update on social value delivered through the NCC TOMs, and this is the first report of outcomes achieved. Appendix A provides value by supplier/contract, which for the first six months totals £991,984.00

Proposal **To note the social value outcomes to date in Appendix A, where TOMs were included in the tender/contract.**

Action by HoF/Procurement Manager – put in place and maintain TOMs in Council procurement procedures and processes

All HoS – use appropriate TOMs in line with adopted process.

Timetable Immediate

This report was prepared after consultation with:

- Leader
- Chief Executive
- Strategic Directors
- Head of Finance

Signed

Background

The Council's Corporate Plan and Well-being Objectives clearly demonstrates the Council's commitment to prioritising social, economic, cultural and environmental wellbeing for the City and our partners. The Council recognises that the way in which we manage our spend with suppliers, service providers and contractors can make a significant contribution to this priority.

The Council has a responsibility to manage public money with probity, to ensure that Value for Money is achieved and to manage it in such a way that wider Council objectives can be supported. The Council's Strategic Plan for Procurement (2020-2024) set an increased focus on recognising the value of using procurement to support its wider Cultural, Social, Economic and Environmental objectives, in ways that offer real long-term benefits to the community it serves and the people of Wales, whilst balancing the issues of Value for Money.

The Welsh TOMs framework was designed around 7 themes (the 7 well-being goals of the Well-being of Future Generations (WFG) (Wales) Act 2015), 35 Outcomes and 93 Measures:

- Themes – The overarching strategic themes that an organisation is looking to pursue;

- Outcomes – The objectives or goals that an organisation is looking to achieve that will contribute to the themes;

- Measures – The measures that can be used to assess whether these Outcomes have been achieved. For the TOMs Framework, these are action based and represent activities that a supplier, service provider and contractor could complete to support a particular desired outcome.

The methodology was developed in conjunction with the WLGA National Procurement Network and the National Social Value Task Force Wales, which is a cross-sector working group combining both public and private sector organisations. Cabinet approved the adoption of the overarching framework in early 2022, which allowed officers to develop a core suite of measures for use within NCC that aligns with corporate priorities and objectives and supports the delivery of the new Corporate Plan.

The idea of the framework is that a number of measures are chosen where they are applicable to the nature of the service delivery (this could be just a few measures, or upwards of 20 measures) as well as considering the target marketplace and its ability to respond in a positive and constructive way. When tenders are then developed, a range of measures are included in the document for tenderers to complete. Tenderers are then able to select the measures they feel they can best deliver against and submit their offering in conjunction with their tender. The social value element of their tender is then scored in conjunction with other quality and price criteria.

In March 2023, Cabinet approved the NCC Core List of TOMs for social value measurement and reporting on outcomes achieved through our third party contracting at six monthly intervals. TOMs are now included, where appropriate in high value (above threshold) procurement exercises, and where possible, supplier commitments and responses scored as part of the overall tender evaluation.

Since the adoption of the TOM's, procurement have been working with service area colleagues to embed measures into appropriate procurements, and this has been a learning curve for both procurement officers and service area colleagues alike. Feedback from some colleagues has highlighted that the framework is not easy to navigate, and not always obvious as to which measures to choose. It should also be noted that Welsh Government are looking at changing the focus from 'social value' to 'well-being outcomes', so the terminology is more aligned to the Well Being of Future Generations (Wales) Act, as opposed to the Social Value Act in England. Coupled with this, a new reporting regime is being developed for public bodies to be able to report on well-being outcomes through procurement and contracting, and this may change or supplement the TOMs framework as it exists now. Therefore we will keep a close eye on developments in this area and review our NCC approach to well-being outcomes accordingly.

Summary of Performance during May to October 2023

As detailed in Appendix A, below is the summary of performance against the TOMs utilised to date;

NTW Ref	*Social Value Description*	*Calculated Social Value (Financial) by Supplier/Supplier Response*
NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	£892,382
NTW14	Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.	£75,378
NTW18	£ spent with local partnerships to implement circular economy solutions.	£6,500
NTW42	Car miles saved on the project as a result of a green transport programme or equivalent (e.g. cycle to work programmes, public transport or car-pooling programmes, etc.)	£60
NTW50	No. of employees (FTE) hired on the contract as a result of recruitment programme that have been unemployed for a minimum of 6 to a maximum of 12 MONTHS.	£16,224
NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation	100% where this measure was included in the contract.
NTW68	Total amount (£) spent with third sector and civil society organisations within your supply chain.	£1,440
	TOTAL SOCIAL VALUE FOR THE PERIOD MAY TO OCTOBER 2023	**£991,984.00**

In Conclusion

The first six months of use has delivered a really positive outcome, demonstrating that embedding social value measurement into procurement and contracting can demonstrate real social benefits. The TOMs framework and NCC Core List continues to be embedded into procurement activity, and progression and learning continues to advance. Until such time that any alternative measurement framework is issued by Welsh Government, NCC will continue to utilise our TOMs Core List and refine and advance its use. It is possible if not likely that any well-being outcomes reporting framework will work alongside the Welsh National TOMs rather than replace it, and in that respect we will continue to embed TOMs within NCC.

Financial Summary (Capital and Revenue)

This report provides an update on the social value outcomes achieved using the TOMs framework, against the proxy values associated with each measure. The proxy values are set at a national level, and provide a monetary value which is used to calculate the tenderers committed social value against each measure. The figures provided in Appendix A are based on the suppliers response multiplied by the proxy value for each measure. There are no direct costs associated with this report.

Risks

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?
No risks identified in reporting TOMs outcomes.				

Links to Council Policies and Priorities

Corporate Plan 2022-27

The council's new draft Corporate Plan sets out four well-being objectives: These are:

- Economy, Education and Skills - Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.

- Environment and Infrastructure – Newport is a city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.

- Quality Social Care and Community Services - Newport is a supportive city where communities and care are at the heart of what we do.

- An Inclusive, Fair and Sustainable Council - Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

These well-being objectives were developed to maximise the council's contribution to the WFG Act well-being goals. As mentioned above the TOMs framework is designed around the well-being goals and therefore will assist with the measurement of how our procurement activities are supporting the WFG Act. It will also enable us as a council to make procurement decisions that consider social value, the well-being goals and the WFG Act.

Living Wage Foundation – Real Living Wage

To support the Corporate Plan 2022-27, Well-being Objective 1 – Economy, Education & Skills, and the drive to become a Living Wage City, in addition to embedding TOMs into our procurement process, we will also include a statement in tenders that strongly encourages our suppliers to pay their staff at least the real living wage (as opposed to the legal minimum national living wage), and we will gather data through the TOMs on contractor performance in this regard. We will ensure fair work criteria is robust in our supplier selection, and ensure our suppliers are treating workers with fairness and equity.

Climate Change Plan 2022-27

The council's draft Climate Change Plan (Climate Change Plan | Newport City Council) once approved will shape the council's future climate change mitigation and adaptation journey over the next five years. The plan sets out the proposed themes, priorities, actions and milestones that we need to take as a Council over the next five years to:

- Reach net zero as an organisation by 2030.
- Review the services we provide to ensure they support the city's journey to net zero and adaptation to climate change.

Within the 2021-22 financial year, the emissions from the goods and services that we purchase and our supply chain as a Council are estimated to be 40,231 tCO_2e which equates to 51% of our overall emissions. Within the Plan we have set out a 2030 Vision for:

Procurement to be at the heart of ensuring that our external contracting minimises the climate impact and carbon footprint of goods, works and services procured.

The social value tool assists with the measurement and reduction of Council carbon emissions.

Options Available and considered

There are no options to consider in this update report. The report is for information only.

Preferred Option and Why

There is no preferred option in this update report. The report is for information only.

Comments of Chief Financial Officer

This report is for information only and there are no direct financial implications that come out of it.

The Council has a procurement process (the 'Gateway process') that allows a high degree of flexibility in how and what we measure and assess when awarding contracts. Thus, TOM'S are now incorporated in the Gateway Process and are used for the collation of the results shown in this report.

The report clearly demonstrates that the Council is leveraging social value in its procurement exercises which contributes to meeting the well-being objectives set out in the Well-Being of Future Generations Act.

Comments of Monitoring Officer

This report is for information only and there are therefore no legal implications arising directly from it. As is set out in the report and below, the measuring of social value outcomes against core TOMs will assist the Council in ensuring that it meets the well-being objectives set out in the Well-Being of Future Generations Act 2015 and delivers on the sections of the Corporate Plan identified above. Such monitoring will also assist the Council in ensuring that it is carrying out socially responsible public procurement with a view to complying with the requirements of the Social Partnership and Public Procurement (Wales) Act 2023.

Comments of Head of People, Policy & Transformation

In Wales, the term social value is in effect defined through the Well-being of Future Generations Act (Wales) 2015 which requires the Council to think about the long-term impact of our decisions, to work better with people, communities, and other public bodies, and to prevent persistent problems such as poverty, health inequalities and climate change.

The seven well-being goals set out in the Act make it clear we must work to achieve them as a collective whole. The National TOMs Wales has been designed to deliver against the 7 goals of the Act through a single measurement and management framework.

Adopting the TOMs Social Value Tool in March 2023 has enabled us measure and improve well-being, social value, tackle climate change and contribute to community wealth building through the goods and services that we procure. This report demonstrates good progress over the first six-month period in securing measurable social value outcomes.

There are no direct human resources implications in this report.

Fairness and Equality Impact Assessment:

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the calculated social value achieved for the reporting period only.

Background Papers

Corporate Plan 2022-27
https://www.newport.gov.uk/en/Council-Democracy/About-the-council/Performance.aspx

Strategic Plan for Procurement 2020 – 2024

Newport City Council
Proc Strat Final v3 for

Dated: 17 January 2024

APPENDIX A

Contract Header	NTW Ref	Social Value Description	Calculated Social Value (Financial) by Supplier/Supplier Response
Infrastructure – Highways Management	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	£84,274 based on average of 2.92 fte's
	NTW50	No. of employees (FTE) hired on the contract as a result of recruitment programme that have been unemployed for a minimum of 6 to a maximum of 12 MONTHS	£16,224 Based on current workload, it will not be necessary to employ any further staff to service the requirements of this contract, however we can reasonably expect to hire 1 additional member of staff during the period of 1 year and can commit to a recruitment programme that will target persons who have been unemployed for a period between 6 to 12 months
Environmental services – Play Area Refurbishment	NTW14	Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.	Tool Hire Newport £413 Tool Hire & Sales Newport £708 Skip Hire Newport £1,017 Recycling Newport £5,900 Building Materials Newport £442
Environmental services – Play Area Refurbishment	NTW14	Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.	Fencing Newport £390 Skip Hire Newport £545 Equipment Rentals Newport £283 Concrete Newport £959 Sports Grounds Works £21,240

Environmental services – Play Area Refurbishment	NTW14	Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.	Tool Hire Newport £248 Tool Hire & Sales Newport £425 Skip Hire Newport £1,507 Building Materials Newport £443
Environmental services – Play Area Refurbishment	NTW14	Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.	Will utilise local sub-contractors for all installation works, including Garden Services, Fencing, Builders Merchants, Plant Hire. Estimated NTW14 value of £41,300
Housing & Communities – Delivery of Multiply	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	£57,722 based on recruiting 2 fte's for the delivery of this Lot.
	NTW68	Total amount (£) spent with third sector and civil society organisations within your supply chain.	We will spend a minimum of £1000 on sponsoring local grassroot football clubs, Donate foodbank parcels and staff time for voluntary organisations. £0.12 x £1,000 = £120
	NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation	We are a living wage employer and both staff members will be paid above this threshold within our pay structure.
	NTW18	£ spent with local partnerships to implement circular economy solutions	We will contribute at least £1000 into the local economy through venue hire, ensuring learning materials are printed and supplied within the local supply chain. Any events that need catering will be sources using local SME

Housing & Communities – Delivery of Multiply	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	£115,444 based on 4 fte's to fulfil this contract, employed from within the Newport Community.
	NTW18	£ spent with local partnerships to implement circular economy solutions	Our commitment to the environment and sustainable economic solutions is unwavering. We have earmarked a fund of £5,000 to foster local partnerships aimed at advancing circular economy practices. By redirecting funds into sustainable initiatives, we anticipate a reduction in resource waste and an increase in the longevity and usability of products and materials within the local community. This move demonstrates our dedication to merging education with environmentally-conscious economic practices.
	NTW42	Car miles saved on the project as a result of a green transport programme or equivalent (e.g. cycle to work programmes, public transport or car pooling programmes, etc.)	In our pursuit to make a lasting positive impact on the environment, our Newport Multiply Programme is set to contribute to a significant decrease in vehicular emissions. We project savings of 2,000 car miles, owing to our strategic approach to transportation. A quarter of our programme will be delivered online, not only making learning accessible but also cutting down on commute-based emissions. 2000 x £0.03 = £60
	NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation	We firmly believe in fair remuneration for all. As testament to our commitment, we're proud to be a Real Living Wage accredited employer.

	NTW68	Total amount (£) spent with third sector and civil society organisations within your supply chain.	Understanding the pivotal role that the third sector and civil society organisations play in community development, we have allocated £5,000 to collaborate with such entities in the delivery of our Multiply Programme. By partnering with Voluntary, Community, and Social Enterprises, we aim to ensure that our programme's reach and impact are maximised, and that we build on existing community networks and strengths. £0.12 x £5,000 = £600
Housing & Communities – Delivery of Multiply	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	1 fte full time tutor will be created, £28,861
	NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation	100% - All employees receive the National Living Wage as will any new employees.
	NTW68	Total amount (£) spent with third sector and civil society organisations within your supply chain.	£720 – We have earmarked £6,000 for room hire expenditures, prioritizing 3rd Sector Organisations wherever possible.
Housing & Communities – Delivery of Multiply	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	£115,444 based on 4 fte's to fulfil this contract, employed from within Newport.

	NTW18	£ spent with local partnerships to implement circular economy solutions	Fundraise £500 per annum for local charities in Newport. Purchase supplies from local businesses – we commit to spending at least 80% of the contract value within Newport.
	NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation	100% - All employees receive the National Living Wage as will any new employees.
Housing & Communities – Delivery of Multiply	NTW1.1	No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.	Across all Lot's we will need to recruit 17 fte's and will look to the local community to fill these posts wherever possible. If this is successful then £490,637 will be achieved against this measure.
	NTW61	Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation.	100% - All employees receive the National Living Wage as will any new employees.
TOTALS FOR MAY TO OCTOBER 2023	**NTW1.1**	**No. of direct employees (FTE) hired or retained that will work on contract, for the duration of the contract, that live within the Newport City Council boundary.**	**£892,382**
	NTW14	**Total amount (£) spent in the supply chain through the contract, where goods or services are provided by businesses in the Cardiff Capital Region.**	**£75,378**
	NTW18	**£ spent with local partnerships to implement circular economy solutions.**	**£6,500**
	NTW42	**Car miles saved on the project as a result of a green transport programme or equivalent (e.g.**	**£60**

		cycle to work programmes, public transport or car pooling programmes, etc.)	
	NTW50	**No. of employees (FTE) hired on the contract as a result of recruitment programme that have been unemployed for a minimum of 6 to a maximum of 12 MONTHS.**	**£16,224**
	NTW61	**Percentage of staff on contract that is paid at least the relevant Real Living wage as specified by Living Wage foundation**	**100% where this measure was included in the contract.**
	NTW68	**Total amount (£) spent with third sector and civil society organisations within your supply chain.**	**£1,440**
TOTAL SOCIAL VALUE FOR THE PERIOD MAY TO OCTOBER 2023			**£991,984.00**

Note – Social Value Measures were included in a number of additional contracts, but this data is still being collected and will be reported in due course. This is in line with the overall TOM's framework principles whereby tenderers appointed to a framework contract or an Approved List do not know at commencement of contract how much work they will get, so the data for these type contracts can only be collected retrospectively on the anniversary of the contract.

Agenda Item 7

Report

Cabinet

Part 1

Date: 14 February 2024

Subject **Newport City Council response to external pressures impacting Council services.**

Purpose To present an update to Cabinet on the external pressures impacting on the delivery of Council services, and a summary of Newport City Council's response.

Author Policy and Partnership Manager

Ward All Wards

Summary This monthly report provides an update on the external pressures facing the Council which include the cost-of-living crisis and pressures on housing and homelessness services across Newport.

As with previous months, collaboration and partnership working is key to supporting our citizens and therefore this report provides information on how this way of working is enabling a greater access for our residents to support, advice, and guidance.

Proposal Cabinet to consider the contents of the report on the Council's activity to respond to the external factors on Newport's communities, businesses, and council services.

Action by Executive Board and Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Head of Prevention and Inclusion
- Head of Housing and Communities
- Deputy Head of Education
- Head of Finance
- Head of Law and Standards
- Head of People, Policy, and Transformation

Signed

Background

This report informs Cabinet members about the main challenges that Newport communities, businesses, and council services are facing, as well as how the Council is collaborating with our partners and communities to help those who need it across the city.

In a survey published on 15 January by the Office for National Statistics through their Public Opinions and social trends, 49% of respondents said that the cost of living had increased compared to the month before. The report goes on to say that the most reported issue from respondents about the prominent issues facing the UK today, was the cost of living (87%).

NCC and Partner Cost of Living Support

The cost-of-living crisis continues to impact upon our residents, staff, and businesses. Officers across NCC continue to collaborate with internal and external partners to provide advice, guidance, and support.

Residents are not always aware that they have a choice over the number of months that council tax can be paid, there are 3,6,10 and 12 monthly plans available to support residents with monthly outgoings. This will be promoted along with direct debit plans over the coming months. Residents can choose the plan that best fits their individual circumstances and make the changes online or by contacting the team.

Examples of activities and support offered during this period included:

- Targeted support within temporary accommodation hostels. Providing advice and guidance around food insecurity, rent arrears, managing debt, prevention of failed tenancy to avoid falling back into homelessness.
- Provided warm snacks to forty young people through the street games football activity pilot highlighted in last month's report.
- Facilitated sessions for families in debt, providing warm snacks and crafts while helping with domestic tasks.
- Facilitating quieter homework spaces for pupils in local community centres.
- Facilitated sessions on budgeting skills, CV writing and accessing training. for post sixteen youths and families.
- Donated personal hygiene kits/toy boxes to households living in temporary accommodation.
- Facilitated cooking sessions to teach young people how to cook in batches considering affordability and helping them learn new skills to use in the family home.
- Distributed food packs to those in need via Fare Share schemes using supermarket surplus food. One example of how this is used is by the Beaufort Centre which distributes forty bags a week to people evidencing low-income households in Gaer, Beaufort Centre, Duffryn and Pill.
- Distributed feminine products via Welsh Government Proud Period funding directly to peoples' homes.
- Issued 41 Newport Live passes to carers to protect carers via a Welsh Government grant.
- Facilitated family cooking sessions in Bettws and Ringland with families participating weekly.

NCC officers are collaborating closely with partners to coordinate support over the next few months, including the below. Officers are also engaging directly with families across the city to determine the needs of people of different ages and to direct resources appropriately throughout this year.

- City wide 'Think Wise – Live Wise' drop in events in February.
- Fed-Line cooking project supporting adults to prepare and cook breakfast, lunch, and dinner for their family over seven weeks.
- Family Wellbeing Sessions.
- Half Term and Easter Family Fun Days.

The family fun days are well received and attended with 969 people participating over the previous five events.

Warm Spaces
Shared Prosperity Funding has been secured to support the delivery of Warm Spaces during Winter 23/24 and 24/25. The funding will provide small grants directly to third-sector organisations and will be overseen by GAVO, building on the successful scheme implemented last year. To date, sixteen organisations have received funding.

Education
The Transitional Protection for pupils who used to qualify for free school meals will end in December 2023. Education colleagues have provided all schools with support and information about this change. This is because some pupils in year 6 will lose their entitlement when they finish their primary phase of education.

The Benefits Team has estimated that there are about 223 Newport pupils affected by this change and will not have the right to free school meals (FSM) when they start year 7.

School anti-poverty roadshows have provided the opportunity for officers to work with families and provide advice, guidance, and support. Five Newport Schools have hosted roadshows up to January 2024 and a further three schools have arranged dates for Spring 2024. Feedback has been positive with fifty-two families engaged at Llanmartin and Maindee primary schools alone.

Homelessness and Financial Resilience
Pressures on housing and homelessness services in the city continue to be a concern, with the lead reason for homelessness continuing to be due to loss of rented accommodation followed by parent/ relative/ friend no longer willing to accommodate. The council has taken on more units of temporary accommodation (TA)to meet the additional demand. This has placed further pressure on the housing budget because DWP regulations relating to TA cap the amount of money that councils reclaim in fulfilling its statutory duties.

In recent weeks, the council has delivered its Severe Weather Emergency Protocol (SWEP) providing shelter for people sleeping rough during the wintry weather. The council has been working closely with RSL partners to use additional funding made available through the Transitional Accommodation Capital Program (TACP). This will provide settled homes to people who are homeless or supported through a resettlement scheme, such as the Ukrainian Support Scheme.

Ukrainian Support Scheme
There are currently 149 households supported through the Ukrainian Support Scheme. Of these sixty-four are living in hosting placements. The team are now focusing on reassessing cases and collaborating closely with clients and hosts to ensure they are well supported, identifying alternative options should placements be at risk.

Home Office Streamlined Asylum Process and 7-day notice.
The policy changes have led to more homeless people and rough sleepers in Newport. It is still hard to get reliable and precise data, which makes it hard to plan. However, a group of officers from different services and external partners are meeting frequently to keep track of the situation and deal with the rising need.

Risks

Risk Title / Description	**Risk Impact score of Risk if it occurs* (1-5)**	**Risk Probability of risk occurring (1-5)**	**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?
Cost of Living impact on Council services	4	4	See this report on the Council's response to the cost-of-living crisis.	Corporate Management Team

Homelessness and housing concerns across the city.	4	4	See this Report on the Council's response to these issues	Corporate Management Team, Head of Housing and Communities, Director of Social Services

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

- Corporate Plan
- Strategic Equalities Plan

Options Available and considered.

1. To consider and note the contents of the report on the Council's response.
2. To request further information or reject the contents of the report.

Preferred Option and Why

1. To consider and note the contents of the report on the Council's response.

Comments of Chief Financial Officer

The report highlights examples of support which is available to citizens who are struggling with the cost-of-living crisis. Whilst a significant amount of this specific support is funded from UK Government and Welsh Government, certain factors are having an impact on the Council's finances, both in the short term and across the medium-term. Evidence of this can be seen via the financial pressures upon the Housing & Communities budget, driven by the high levels of homelessness in the city.

In the context of an extremely challenging medium-term horizon, budget managers and Heads of Service will be expected to continue to monitor the impact of the external factors included in this report, especially in areas where grant funding ends, and work with Finance colleagues to escalate any material financial implications and report them where relevant. This will need to also include plans to mitigate any issues, as far as is possible.

Comments of Monitoring Officer

There are no legal issues arising from the report. Any specific legal implications will be addressed as part of the Council's operational responses to the key issues identified in the report.

Comments of Head of People, Policy, and Transformation

The cost-of-living crisis continues to impact on our residents and staff, and this report provides information on how we are working collaboratively to help mitigate where possible. In-line with the Wellbeing of Future Generations Act, officers and partners are working to ensure short term support is provided alongside a focus on long term resilience through engaging directly with residents.

The council is continuing to consider HR implications for our workforce and working with all service areas closely during this period.

Scrutiny Committees

Not applicable as this an information only report and no decision is required from the Council.

Fairness and Equality Impact Assessment:

Not applicable as this is an information only report and no decision is required.

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

Long Term – The short term actions the Council is taking now is considering the longer-term impacts which the cost of living is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.
Collaborative – Newport Council is working collaboratively across the organisation and our external public, private, third sector, voluntary, and housing sectors.
Integration – The actions that the Council and is taking supports the Council's organisational priorities for community cohesion, early intervention, and prevention. This also supports the Welsh Government's priority for Wales being a nation of sanctuary.
Involvement – We are involving communities and residents who are providing vital front-line support and helping vulnerable / disadvantage households, and refugees. The Council is also providing regular updates and communications to those impacted by the cost-of-living crisis.
Prevention - The short term actions the Council is taking now is considering the longer-term impacts which the cost of living is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.

- **Equality Act 2010**

Consideration of protected characteristics as detailed within the Equality Act has informed the activities and support provided.

- **Socio-economic Duty**

The support provided is fully congruent with the requirements of the socio-economic duty.

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

All information is provided bilingually.

Consultation
Not applicable

Background Papers
Monthly reports to Cabinet.

Dated: 25 January 2024

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Report

Cabinet

Part 1

Date: 14 February 2024

Subject **Cabinet Work Programme**

Purpose To report and agree the details of the Cabinet's Work Programme.

Author Governance Team Leader

Ward All Wards

Summary The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The current work programme runs to May 2024, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Governance Team Leader brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Proposal **To agree the updated work programme for 2023/24**

Action by Governance Team Leader

Timetable Immediate

This report was prepared after consultation with:

- Chief Officers
- Monitoring Officer
- Head of Finance
- Head of People, Policy and Transformation

Background

The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The Wales Audit Office's Corporate Assessment of Newport City Council, published in September 2013, highlighted the need to "strengthen committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up". Since that report was published, these monthly reports have been introduced to provide Cabinet with regular updates on its work programme, and the opportunity to comment upon and shape its priorities as an executive group. The Democratic Services team have also been working to improve the links between this and other work programmes under its management (eg Council, Scrutiny, Audit) to ensure the various programmes are properly coordinated.

The current work programme runs to May 2024, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Financial Summary

There is no direct cost to adopting a programme of work.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
No action taken	M	L	Work programming arrangements are in place to ensure they are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.	Head of Democratic Services
The process is not embraced by report authors and members	M	M	If there is proliferation of unplanned or late items, the opportunity to ensure work programming is timely, meaningful, informative, and transparent, balanced, monitored, and joined up will diminish	Head of Democratic Services

Links to Council Policies and Priorities

These proposals will help the Council provide the best possible service to members and will provide information to the public and elected members.

Options Available and considered
- To adopt the process and adopt or amend the work programme
- To consider any alternative proposals raised by Cabinet members
- To take no action

Preferred Option and Why
To adopt the proposals which should help to ensure work programming arrangements are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.

Comments of Chief Financial Officer
There are no financial implications in adopting a programme of work.

Comments of Monitoring Officer
There are no legal implications in adopting a programme of work.

Comments of Head of People, Policy and Transformation
There are no specific HR implications in adopting a programme of work. The principles of open and transparent governance are consistent with the Council's Corporate Plan and objectives under the Well-being of Future Generations (Wales) Act.

Local issues
There are no local issues as this report relates to the Council's processes.

Scrutiny Committees
Monthly update reports allow the Scrutiny and Cabinet work programmes to be better coordinated. The Scrutiny team and Members are currently developing new ways of working through the new Committees, and continually reviewing the work programmes to focus more on risk and ensure all scrutiny activity has a defined purpose and constructive outcome.

Equalities Impact Assessment and the Equalities Act 2010
This does not apply to this procedural report.

Children and Families (Wales) Measure
This procedural report does not impact on Children and Young People although certain reports contained in the programme may do and will need appropriate consultation and comment when they are presented to cabinet.

Wellbeing of Future Generations (Wales) Act 2015
This is a procedural report but reports contained within the programme will need to show how consideration has been given to the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act.

Consultation
As set out above

Background Papers

Dated: 7 February 2023

Cabinet

Work Programme: June 2023 to May 2024

Meeting	Agenda Items	Lead Officer
Cabinet 14/06/23	▪ Director of Social Services Annual Report ▪ Annual Safeguarding Report ▪ 2022/23 Treasury Management Year End Report ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary Document (for information/ awareness) ▪ Work Programme	▪ CD: SS ▪ CD: SS ▪ HoF ▪ HPP&T/HH&C/HP&I ▪ HPP&T ▪ GTL
Cabinet 12/07/23	▪ 2022/23 Revenue Budget Outturn ▪ 2022/23 Capital Outturn and Additions ▪ Welsh Language Annual Report ▪ Corporate Risk Register Update (Q4) ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ HPP&T ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ GTL
Council 18/07/23	▪ Council Appointments ▪ 2022/23 Treasury Management Year End Report ▪ Welsh Language Annual Report ▪ Director of Social Services Annual Report ▪ Annual Safeguarding Report ▪ IRP Annual Report ▪ Review of Standing Orders	▪ GTL ▪ HoF ▪ HPP&T ▪ CD: SS ▪ CD: SS ▪ HL&S ▪ HL&S
Cabinet 13/09/23	▪ Revenue Budget Monitor ▪ Capital Budget Monitor ▪ Replacement Local Development Plan ▪ Demolition of Millbrook Primary School ▪ Corporate Risk Register Update (Quarter 1) ▪ Climate Change Annual Report ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary of Business ▪ Work Programme	▪ HoF ▪ HoF ▪ HR&ED ▪ CEdO ▪ HPP&T ▪ HE&PP ▪ HPP&T/HH&C/HP&I ▪ HPP&T ▪ GTL
Council 26/09/23	▪ Council Appointments ▪ Replacement Local Development Plan ▪ Climate Change Annual Report ▪ Market Arcade PSPO ▪ Maesglas PSPO ▪ Scrutiny Arrangements for SE Wales CJC	▪ GTL ▪ HR&ED ▪ HE&PP ▪ HE&PP ▪ HE&PP ▪ HL&S

Cabinet 18/10/23	▪ Gwent Regional Partnership Board Area Plan/Gwent Regional Partnership Board Annual Report ▪ Bassaleg Bridge ▪ Corporate Plan 2022/27Annual Report (Annual Corporate Wellbeing Self-Assessment included) ▪ Strategic Equality Plan Annual Report ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ CD: SS ▪ HCS ▪ HPP&T ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ GTL
Cabinet 15/11/23	▪ September Revenue Budget Monitor ▪ Capital Programme Monitoring and Additions ▪ Treasury Management Half Yearly Monitoring Report ▪ Council Tax Premiums Report ▪ Leisure and Wellbeing Project Update ▪ Annual Digital Report ▪ Annual Compliments, Comments and Complaints ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ HoF ▪ HoF ▪ HR&ED ▪ HPP&T ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ GTL
Council 28/11/23	▪ Council Appointments ▪ Treasury Management Half Yearly Monitoring Report ▪ Gwent Regional Partnership Board Area Plan/Gwent Regional Partnership Board Annual Report ▪ Strategic Equality Plan Annual Report ▪ Corporate Plan 2022/27 Annual Report ▪ Democratic Services Annual Report ▪ Standards Committee Annual Report	▪ GTL ▪ HoF ▪ SD: SS ▪ HPP&T ▪ HPP&T ▪ HL&S ▪ HL&S
Cabinet 13/12/23	MEETING CANCELLED	
Cabinet 10/01/24	▪ 2024/25 Revenue Draft Budget and MTFP: Final Proposals ▪ Revenue Budget Monitor ▪ Capital Monitor ▪ Council Tax Premiums ▪ Mid-Year Performance Update ▪ People Plan ▪ Corporate Risk Register Update (Quarter 2) ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary Document (for information/ awareness) ▪ Work Programme	▪ HoF ▪ HoF ▪ HoF ▪ HoF ▪ HPP&T ▪ HPP&T ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ HPP&T ▪ GTL
Council 23/01/24	▪ Council Appointments ▪ Council Tax Reduction Scheme ▪ Council Tax Premiums ▪ Governance and Audit Annual Report	▪ GTL ▪ HoF ▪ HoF ▪ SD: T&C

	▪ Schedule of Meetings 2024/25 ▪ Mayoral Nomination 2024/25	▪ GTL ▪ GTL
Cabinet 14/02/24	▪ 2024/25 Capital Strategy and Treasury Management Strategy ▪ 2024/25 Revenue Budget and MTFP: Final Proposals ▪ Newport City Council, Social Value Outcomes in Procurement Update ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ HoF ▪ HPP&T/HH&C/HP&I ▪ GTL
Council 29/02/24	Budget: ▪ Council Appointments ▪ 2024/25 Council Tax and Budget ▪ 2024/25 Capital Strategy and Treasury Management Strategy ▪ National Non-Domestic Rates: Discretionary Relief: High Street Relief Scheme 2024/25	▪ GTL ▪ HoF ▪ HoF ▪ HoF
Cabinet 06/03/24	▪ Corporate Risk Register Update (Quarter 3) ▪ Pay and Reward Statement 2024/25 ▪ Risk Management Policy ▪ EAS Business Plan ▪ Capped Nine (KS4 School Outcomes) ▪ Property Services Arrangements ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HPP&T ▪ HPP&T ▪ HPP&T ▪ CEdO ▪ CEdO ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ GTL
Cabinet 10/04/24	▪ Annual Corporate Safeguarding Report ▪ Safer Newport Plan ▪ Gwent Serious Violence Strategy and Plan ▪ One Newport Summary Document (for information/ awareness) ▪ Asset Rationalisation ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HCS ▪ SD:T&C/HPP&T ▪ SD:T&C/HPP&T ▪ HPP&T ▪ HPP&T ▪ HPP&T/HH&C/HP&I ▪ GTL
Council 23/04/24	▪ Council Appointments ▪ Safer Newport Plan ▪ Gwent Serious Violence Strategy and Plan ▪ IRP Annual Report ▪ Pay and Reward Statement ▪ Maesglas PSPO	▪ GTL ▪ SD: T&C/HPP&T ▪ HPP&T ▪ HPP&T ▪ HPP&T ▪ HE&PP
Cabinet 15/05/24	▪ NCC External Pressures - Cost of Living ▪ Digital Strategy – Annual Report ▪ Work Programme	▪ HPP&T/HH&C/HP&I ▪ HPP&T ▪ GTL
Council 21/05/24	AGM: ▪ Council Appointments	▪ GTL

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