

Assurance and Risk Assessment Review – Newport City Council

Audit year: 2021-22

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What we reviewed and why

- 1 We undertook this project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. This project also helped us to assess the extent to which the Council is applying the sustainable development principle in taking steps to meet its well-being objectives.
- 2 This report summarises our findings in the areas where we have undertaken more detailed Assurance and Risk Assessment work. We will also produce an Annual Audit Summary in the autumn of 2022 that will summarise all of our audit work undertaken since our last Annual Audit Summary in January 2021.
- 3 We focused in particular on the following areas at the Council:
 - financial position
 - implications of the Local Government and Elections (Wales) Act 2021
 - carbon reduction plan
 - Newport Intelligence Hub
- 4 Our evidence base for this work included interviews with senior officers, reviewing relevant documents and holding focus groups.
- 5 The Assurance and Risk Assessment project has been ongoing throughout the year. We fed back emerging findings to officers as we undertook this work, and also held a workshop with the Council's Cabinet and Corporate Management Team in March 2022 at which we shared emerging findings in relation to some aspects of this work. We also used the workshop to gather the perspectives of senior managers on the key audit risks in relation to the Council and to inform our forward planning.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Carbon Reduction planning arrangements

- R1 The Council should ensure its proposed actions to reach net zero carbon by 2030 are:
- fully costed in terms of their carbon reduction impact to enable them to be evaluated and prioritised; and
 - fully reflected in its financial planning.

Carbon Reduction monitoring of progress

- R2 The Council should develop a robust and comprehensive set of metrics that support each planned action to measure, forecast impact and report progress to net zero carbon by 2030.

Financial position – the Council understands its improved financial position, acknowledges future uncertainties, and is taking measures to transform its service delivery for future sustainability

- 6 We reviewed the Council's financial position during August 2022. This included consideration of the Council's financial reserves position, the delivery of planned savings and performance against the planned budget for the year.
- 7 Overall, we found that the Council understands its improved financial position, acknowledges future uncertainties, and is taking measures to transform its service delivery for future sustainability.
- 8 We reached this conclusion because:
- the Council understands its current financial position and a range of potential future uncertainties and is making early steps toward transforming into a more financially sustainable delivery model. However, medium-term financial planning will continue to rely on a range of assumptions, and when coupled with the changing socio-economic landscape in this period of significant economic uncertainty, planning for financial resilience and future budget rounds will continue to be challenging for councils.

- the Council's usable reserves, detailed below in **Exhibit 2**, increased by £38.5 million (38%) in the year ending March 2022 to £140 million, although much is held for specific purposes such as future Private Finance Initiative obligations.

Exhibit 2: the Council's usable reserves increased by £38.5 million (38%) in the year ending March 2022 to £140 million

Newport	Amount of Usable Reserves as a proportion of Net cost of services					
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Net Cost of Services in £ Millions ¹	277.5	284.5	294.0	299.8	290.8	337.3
Usable revenue reserves not protected by law in £ Millions	95.4	94	94.7	78.8	101.5	140.0
Total Usable Reserves not protected by law as a % of net cost of services	34.4%	33.0%	32.2%	26.3%	34.9%	41.5%
Total Usable Reserves not protected by law as a % of net cost of services – Comparison ranking with all other Welsh Councils (1 = Highest)	1st	2nd	2nd	5th	5th	Not yet available

Source: Audit Wales analysis of the Statement of Accounts of Newport City Council

- the Council continues its good record of achieving savings, achieving 94% (£3.2 million) of its £3.4 million of revenue savings in 2021-22. The Council included a further £812,000 of savings to its 2022-23 revenue budget but does not currently plan further savings in its revenue budgets for 2023-24 or 2024-25.
- the Council has set a balanced revenue budget for 2022-23 and has identified a funding gap of £2 million in 2023-24 and £2 million in 2024-25.

¹ Source: Newport City Council, Statement of Accounts, Net Cost of Services is stated Net Cost of Services (without Housing Revenue Account) + precepts + levies + debt interest

- the Welsh Government’s indicative funding settlements on an all-Wales basis of 3.5% and 2.4% respectively for 2023-24 and 2024-25 provide a degree of funding certainty over the medium term. However, medium-term financial planning will continue to rely on a range of assumptions, and when coupled with the changing socio-economic landscape in this period of significant economic uncertainty, planning for financial resilience and future budget rounds will continue to be challenging for councils.
- the Council reported an underspend of £18.4 million against the £315.9 million in its revenue budget for 2021-22 (6% underspend). The underspend is summarised below:

Exhibit 3: underspends

Underspends across all service areas due to changes in service provision and working practices caused by COVID.	£7.8 millio
Receipt of significant one-off Welsh Government funds over and above that received from the ‘Hardship Fund’ for COVID-specific expenditure and lost income.	£3.0 millio
Underspends on capital financing.	£4.3 millio
The Council not needing to use its general revenue contingency budget.	£1.4 millio
Underspends against council tax reduction scheme and council tax income.	£1.9 millio
Total underspend against 2021-22 revenue budget.	£18.4 million

- 9 We also published a [Local Government Financial Sustainability Data Tool](#) in February 2022 which includes a range of financial data for councils, national parks and fire and rescue authorities in Wales.

The Council has made good progress in the implementation of the Local Government and Elections (Wales) Act 2021

- 10 We reviewed the Council's responses to the Local Government and Elections (Wales) Act 2021 in May 2022.
- 11 Overall, we found that the Council has made good progress in implementing the Local Government and Elections (Wales) Act.
- 12 We reached this conclusion because:
- the Council has reconstituted its Governance and Audit Committee to meet the requirements of the Act.
 - the Council intends to integrate the annual self-assessment within its annual Corporate Well-being Report (Annual Report) to assess the overall performance and governance of the organisation and that the Council intends to produce the first Annual Report in September 2022. The Council is also clear on the enhancements it needs to make to its previous Annual Report to meet the requirements of the Act.
 - the Council has an approved Participation Strategy and has put in place appropriate supporting arrangements for engagement with local people and its other stakeholders.
 - in common with other Welsh councils, the Council is currently engaging with the Welsh Local Government Association to develop the arrangements and resources required to undertake Panel Assessments.

The Council has developed a vision and action plan to achieve net zero carbon emissions by 2030 but is uncertain if its plan will achieve this target

- 13 In July 2022, the Auditor General published Public Sector readiness for Net Zero Carbon by 2030, which looked at decarbonisation actions in 48 public bodies, including all councils. This report found uncertainty that the collective ambition for a net zero public sector by 2030 will be met. Our work identified significant, common barriers to progress that public bodies must collectively address to meet the collective ambition. We found that while public bodies are demonstrating commitment to carbon reduction, they must now significantly ramp up their activities, increase collaboration and place decarbonisation at the heart of their day-to-day operations and decisions.

- 14 In the report, the Auditor General makes the following five calls for action from public bodies:
- strengthen your leadership and demonstrate your collective responsibility through effective collaboration;
 - clarify your strategic direction and increase your pace of implementation;
 - get to grips with the finances you need;
 - know your skills gaps and increase your capacity; and
 - improve data quality and monitoring to support your decision making.
- 15 The following paragraphs set out the findings of our local audit work on the Council's decarbonisation action plan. These findings sit within the wider context of the Auditor General's July 2022 report that calls for increased pace and stronger leadership across Wales in reducing carbon emissions.
- 16 Overall, we found that the Council has developed a vision and action plan to achieve net zero carbon emissions by 2030, but is uncertain if its plan will achieve this target.
- 17 We reached this conclusion because:
- the Council has a clear vision for achieving net zero carbon by 2030 that is also complementary to the actions of other public bodies.
 - the Council's vision and action plan to achieve net zero carbon contains numerous actions the Council will take to lower its own carbon emissions to net zero by 2030. These actions have yet to be fully costed and still need to be built into the Council's Medium-Term Financial Strategy and Capital Programme. We understand the challenges of assessing the financial cost and carbon impact of decarbonisation actions, but this data will be key to prioritising actions that deliver the greatest returns and understanding funding requirements.
 - within the Council, the Climate Change plan contains priorities and actions for its own services, such as Waste, Digital, Building Control, Schools, Procurement, as well as partnership working with Newport Norse, Public Transport and Natural Resources Wales. However, the Council cannot assure itself that the entirety of its planned activities will have sufficient impact to achieve net zero carbon status by 2030. We include within this report a recommendation for the Council to support its planned activities with a suite of metrics that include time profiled targets for impact together with some financial planning arrangements.
 - the Council demonstrates an understanding of the need for reducing carbon emissions within Newport and identifies the broad range of actions needed to respond to the challenge within its Local Area Energy Plan (LAEP)².

² [Newport City Council, Newport's Local Area Energy Plan, March 2022](#)

- the Council carried out extensive and effective consultation with residents, businesses, school children and other stakeholders as part of developing its current carbon reduction plan.
- the Council can demonstrate how it has started to collaborate with other organisations to deliver carbon reduction initiatives. Two examples of this collaboration are: with One Newport partners to develop a Climate Strategy for the city; and a second example being working with Egni Co-op, a community organisation that funds and manages Photo Voltaic installation in Wales.
- the Council has begun investing in officer capacity for its carbon reduction arrangements, but acknowledges that further significant investment is required as its carbon reduction activities increase.
- the Council can offer examples of how it is learning from other councils to enhance its own arrangements for carbon reduction.

The Council has made good progress to establish its Newport Intelligence Hub but further action is required to broaden its utilisation and impact

- 18 During the period November 2021 to May 2022, we carried out a short review of the Council's Intelligence Hub, to consider:
- the extent that the Council is achieving the design principle of its Corporate Plan to make evidence based decisions;
 - the depth and breadth of the Intelligence Hub's utilisation within the Council's thinking; and
 - the appreciation, reliance and expectation of data and informatics by senior officers of the Council.
- 19 The aim of the project was to provide an assessment of progress so far and, where possible, to identify any areas for improvement.
- 20 Our work included document reviews, interviews and group discussions with Council staff and a short survey of senior Council officers.
- 21 Overall, we found that whilst the Council has made good progress to establish its Newport Intelligence Hub further action is required to broaden its utilisation and impact.
- 22 We reached this conclusion because:
- the Council's Intelligence Hub could provide examples of where and when their involvement in data management and visualisation within Council projects has provided greater insight leading to greater impact in Council decision-making; and
 - we identified inconsistent awareness and utilisation of the Intelligence Hub by directorates of the Council.

23 We facilitated a workshop of Council officers involved in the management and technical activities of the Intelligence Hub, to discuss the above findings and possible actions to take in response. Some actions to further improve the Newport Intelligence Hub will be included in the forthcoming Service Improvement Plan. Examples include:

- increase awareness of the Newport Intelligence Hub across the Council, highlighting its products, achievements, and potential future contributions;
- increase engagement with all departments of the Council, with particular focus where engagement has previously been low;
- seek opportunities for collaborative working; and
- develop and offer specialist and technical training within the Council.



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Springing Forward – Workforce – Newport City Council

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Summary report

Summary

What we reviewed and why

- 1 We reviewed how the Council strategically plans for its workforce requirements both now and in the future, how it monitors its workforce and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global COVID-19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities
- 3 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 4 This project had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements as well as further embed the sustainable development principle; and
 - to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 5 We undertook the review during the period April to July 2022, reviewing key council documents and speaking with officers of the Council.
- 6 At the end of March 2021, the Council employed 5,100 people, which has reduced by 9% from the 5,600 people it employed in March 2017. In terms of full-time equivalents (FTE), in March 2021 the Council employed 27.0 FTEs for every 1000 residents which is below the 32.4 FTEs average for all Welsh Councils.

What we found

- 7 Our review sought to answer the question: Is the Council's strategic approach to its workforce effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer-term?

- 8 Overall, we found that the Council has applied the sustainable development principle to develop a clear vision for its workforce that is supported by effective implementation arrangements.
- 9 We reached this conclusion because:
- the Council has a clear vision for workforce, supported by key strategies and effective arrangements for implementation;
 - the Council has applied the sustainable development principle to make good progress in developing new ways of working; and
 - the Council is aware of its workforce-related challenges and is currently enhancing its workforce monitoring arrangements, but limited benchmarking is restricting potential learning.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Sustainable Development Principle	
R1	The Council should use the sustainable development principle to shape the revision of its People and Culture Strategy, considering longer-term workforce risks and opportunities.
Performance Management	
R2	The Council should benchmark its workforce management information internally and with other organisations to strengthen its understanding of workforce performance.

Detailed report

The Council has a clear vision for its workforce that is supported by effective implementation arrangements

The Council has a clear vision for workforce, supported by key strategies and effective arrangements for implementation

Why setting a clear vision is important

- 10 A clear workforce strategy and well-developed delivery plans are important to identify the intended usage of assets over the short and longer term; the funding available to maintain and develop assets, as well as the anticipated future level of demand for, and cost of, providing services. It is also important to identify how the workforce management strategy aligns and is integrated with other relevant strategies including, agile working, assets, digital and carbon reduction. Learning from the changes brought about by the global COVID-19 pandemic, can help Councils strengthen their ability to transform, adapt and maintain the delivery of services.
- 11 In reaching the conclusion that the Council has a clear vision for workforce, supported by key strategies and effective arrangements for implementation, we found that:
 - within the Council's current Corporate Plan 2017-2022, Building on Success, Building a Better Newport, the Council made several pledges under the banner of a Modernised Council that includes commitments to developing a modern, capable workforce, where the use of agile working would be explored and implemented wherever possible. The Council's new Corporate Plan is in the final stages of development.
 - the Council augments its Corporate Plan pledges with its People and Culture Strategy – the latest version currently being for 2018-22. The People and Culture Strategy is in the early stages of revision to reflect the revised Corporate Plan. Whilst developing the Strategy, the Council should take the opportunity to use the sustainable development principle to shape its approach including considering longer-term workforce risks and opportunities.
 - in response to the first lock-down in March 2020 of the COVID-19 pandemic the Council had to adapt how its workforce operated. Those delivering front line services were protected through adapting working practices adapted, whilst previously office-based staff worked from home, wherever possible. In June 2020 the Council published its Strategic Recovery Aims that included the aim to Sustain a Safe, Healthy and Productive Workforce, which are consistent with its strategic vision for its workforce.

- in addition to the medium-term People and Culture Strategy, the Council has a yearly Workforce Plan. The Council's Workforce Plan 2021-22 states annual priorities, which are the following five themes:
 - succession planning;
 - structural effectiveness review;
 - nurture and develop talent;
 - a more representative workforce; and
 - a digitally enabled workforce.
- to support delivery of its corporate strategies, each directorate of the Council produces an Annual Service Plan. Progress against these Annual Service Plans are monitored through the Council's Management Information hub and also its democratic process. Within each templated Annual Service Plan is a dedicated section on Workforce Planning. Annual Service Plan for 2021-22 include explicit activities by directorates to support staff recruitment and retention such as succession planning, training and expanding previously flat structures to provide clearer career pathways..

The Council has applied the sustainable development principle to make good progress in developing new ways of working

- 12 The Council's transformational project, 'New Normal' is driving the Council's implementation of learning, adaptation and need for change stemming from the COVID-19 pandemic and requirements for carbon reduction. This project includes transforming its workforce in conjunction with its buildings, digital services and energy consumption through a collection of new employment policies for its workforce, including:
- Agile Working Policy
 - Working from Home Policy
 - Flexi time Scheme
 - Travel and Subsistence
 - Parking at the Civic Centre

Why the Well-being of Future Generations (Wales) Act 2015 is important

- 13 When we began our audit work under the Well-being Future Generations (Wales) Act 2015¹ (the Act) we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Act was passed and we are now into the second reporting period

¹ [Well-being of Future Generations \(Wales\) Act 2015 \(legislation.gov.uk\)](https://legislation.gov.uk)

for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.

- 14 Under the Act Councils must carry out sustainable development in accordance with the sustainable development principle. To do something in accordance with the sustainable development principle is to act in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. To act in that manner, the Council must take account of the five ways of working: Long-term, Integration, Involvement, Collaboration and Prevention. Statutory guidance on the Act² sets out that seven core organisational activities that public bodies should consider applying the Act to. Workforce is one of those core organisational activities.
- 15 In reaching the conclusion that the Council has applied the sustainable development principle to make good progress in developing new ways of working, we found that:
- the Act requires the Council to demonstrate that it balances short-term needs with the need to safeguard the long-term needs for its workforce. Each year the Council undertakes workforce planning within service areas. In addition to considering short term immediate issues the Council's process for workforce planning also incorporates some scenario and potential medium-term future trend considerations. The Council should extend its workforce planning exercise to also consider longer-term risks to help shape its workforce to be more fit for purpose.
 - there are well defined links between its workforce planning and other strategies, eg digital, carbon reduction and agile working.
 - the Council is experiencing significant difficulty in recruiting staff to some key roles due to a range of external factors. The Council is responding to these challenges within its Workforce Plan 2021-22 and Annual Service Plans. The Council is also developing its arrangements that monitor staff turnover and recruitment.
 - the Council has in the last two years introduced a Wellness Policy and surrounding arrangements which are individually tailored to individual employees to help keep them well and able to work. These arrangements are currently being developed and not complete, but their introduction demonstrates a shift away from sanction and toward a preventative culture that will, if successful, contribute to the Council's strategic aims of employee health and retainment.
 - the Council can demonstrate many examples of where it engages with its workforce and external stakeholders, through surveys, staff working groups, etc. to inform its decision-making processes and also recognises value of and challenge to maintain effective engagement.

² <https://gov.wales/sites/default/files/publications/2019-02/spsf-1-core-guidance.PDF>

- the Council can point to two examples of where it is working collaboratively with other organisations: to provide specialist services: partnership with Barnardos to deliver a Newport Family Support Service; and the partnership including Cardiff County Council and Welsh Government to undertake a regional response to the National Transfer Scheme. In developing the People and Culture Strategy the Council should take the opportunity to consider how it works collaboratively to other organisations to deliver its workforce.
- the Council's Workforce Plan includes a priority to have a more diverse workforce. The Council is required to publish its gender pay gap each year in the Pay and Reward Policy. The overall trend has been a declining gender pay gap across the Council which for the first time in 2022, when comparing the median pay gap, women are paid a higher hourly rate of pay than men. The Council is intent upon addressing other areas of inequality in its workforce in the near future.

The Council is aware of its workforce-related challenges and is currently enhancing its workforce monitoring arrangements, but limited benchmarking is restricting potential learning

Why effectively reviewing the delivery of planned changes is important

- 16 Councils should use data to monitor whether they are achieving their intended outcomes effectively and efficiently over the short and longer term. Using benchmarking data can provide useful insight into Councils individual performance and can identify opportunities for learning from other organisations
- 17 In reaching the conclusion that the Council is aware of its workforce-related challenges and is currently enhancing its workforce monitoring arrangements, but limited benchmarking is restricting potential learning, we found that:
- the Council's quarterly update on Corporate Risk Register provides regular assessment of the workforce challenges facing the Council. The mitigations in the latest update at the time of our audit work which was March 2022 were:
 - building on the lessons learned from the COVID-19 crisis undertake further work to enable some of its workforce to work more flexibly from Council offices, home and other locations securely and safely.
 - collaborating with SRS to ensure officers and Members are able to work remotely using digital solutions and appropriate equipment.
 - developing HR policies and procedures that will support the wellbeing and development of the organisation's staff.
 - pressures developing around the supply of labour (most notably HGV drivers and care staff) which is partly affected by Brexit and COVID-19.

- current Annual Service Plans, including workforce specific actions, were set in April 2021 and senior Council officers are actively working on delivery. The Council's Senior Leadership Team receive quarterly progress updates on Service Plans.
- the Council presents bi-annual performance reports to both its Cabinet and Performance Scrutiny – People committee that includes updates on progress in delivering workforce related activities. as well as standard workforce related data for including for example multiple reporting periods, comparison and information on staff turnover, sickness rates, are not reported.
- the Council is currently modernising its arrangements for collecting/reporting key workforce related management information for its strategic and operational managers. For example, the Council's internal Management Information hub has recently begun providing key monthly workforce performance data such as sickness, staff turnover, wellbeing assessments.
- there is very little workforce benchmarking, either within Council departments over time nor external comparison with other similar organisations, which limits insight into the Council's own performance and opportunities for learning from other organisations.
- the Council's Human Resources officers met with their equivalent from across the Welsh public sector throughout the challenging period to share knowledge and experience, particularly at a regional level to focus upon workforce challenges in social care and health.



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Springing Forward – Strategic Asset Management – Newport City Council

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The Council strategically plans and manages its property assets well, needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic 6

The Council's strategic assets plan has clear aims and rationale and is supporting its overall corporate plan, however, progress has understandably slowed as it learns from the COVID-19 pandemic 6

The Council was comparatively well placed to respond to the COVID-19 crisis with swift agility and in partnership with other public sector organisations; and is looking to retain some benefits of new ways of working for the future 7

The Council's strategy and management of its property portfolio and existing arrangements for surplus buildings are effective, but now needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic 8

The Council does present some performance indicators to help evaluate its performance and accepts that this data would be enhanced by comparing with and learning from other organisations 9

Summary report

Summary

What we reviewed and why

- 1 We reviewed the Council's arrangements for managing its assets. We looked at how the Council strategically plans the use of its assets, how it monitors the use of its assets and how it reviews and evaluates the effectiveness of its arrangements.
- 2 We delivered this review as the world moves forward, using the experiences from the global COVID-19 pandemic, to look at how councils are strengthening their ability to transform, adapt and maintain the delivery of services, including those delivered in partnership with key stakeholders and communities.
- 3 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 4 This project had three main aims:
 - to gain assurance that councils are putting in place arrangements to transform, adapt and maintain the delivery of services;
 - to explain the actions that councils are taking both individually and collectively to strengthen their arrangements as well as further embed the sustainable development principle; and
 - to inspire councils and other organisations to further strengthen their arrangements through capturing and sharing notable practice examples and learning and making appropriate recommendations.
- 5 The Council has a substantial land and property estate covering over 170 buildings such as the Civic Centre, Telford Depot, schools, etc at the end of March 2021, with a total net book value above £342 million.
- 6 We undertook the review during the period November and December 2021, reviewing key Council documents and speaking with officers and elected members of the Council.

What we found

- 7 Our review sought to answer the question: Is the Council's strategic approach to its assets effectively helping the Council to strengthen its ability to transform, adapt and maintain the delivery of its services in the short and longer term?

- 8 Overall we found that the Council strategically plans and manages its property assets well, needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic
- 9 We reached this conclusion because:
- the Council’s strategic assets plan has clear aims and rationale and is supporting its overall corporate plan, however, progress has understandably slowed as it learns from the COVID-19 pandemic;
 - the Council was comparatively well placed to respond to the COVID-19 crisis with swift agility and in partnership with other public sector organisations; and is looking to retain some benefits of new ways of working for the future; and
 - the Council does present some performance indicators to help evaluate its performance and accepts that this data would be enhanced by comparing with and learning from other organisations.

Recommendations

Exhibit 1: recommendations

The table below sets out the recommendations that we have identified following this review.

Recommendations	
Develop longer-term planning that is required by the Sustainable Principle	
R1	The Council should demonstrate longer-term considerations for its property portfolio strategic planning and associated decision-making processes.
Further develop partnership working	
R2	Engage with public sector partners across Gwent to realise the potential benefits arising from a strategic approach to a single public estate.

Detailed report

The Council strategically plans and manages its property assets well, needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic

The Council's strategic assets plan has clear aims and rationale and is supporting its overall corporate plan, however, progress has understandably slowed as it learns from the COVID-19 pandemic

Why setting a clear vision is important

- 10 A clear asset management strategy and well-developed delivery plans are important to identify the intended usage of assets over the short and longer term; the funding available to maintain and develop assets, as well as the anticipated future level of demand for, and cost of, providing services. It is also important to identify how the asset management strategy aligns and is integrated with other relevant strategies including, agile working, workforce, digital and carbon reduction. Learning from the changes brought about by the global COVID-19 pandemic, can help councils strengthen their ability to transform, adapt and maintain the delivery of services.
- 11 In reaching this conclusion we found that:
- the Council's existing Strategic Asset Management Plan 2018-25 (SAMP) states that it does not require all of its current property portfolio, further that 'the current portfolio is larger than the Council can afford to retain in the medium to long term'.
 - the Council has improved its understanding of its estates since setting its current Corporate Plan and now has a clear intent for using some assets for corporate use and also for disposal. However, the Council intends to continue with an audit of all its built assets by 2025 to fully understand their long-term carbon impact with the aim of better strategic utilisation.
 - learning from the experiences of the COVID-19 pandemic, listening to its workforce and seeking to cost effectively reduce carbon impact has led the Council to rethink its property portfolio. The Council continues to develop how it will use its buildings, particularly the Civic Centre, in the future.

The Council was comparatively well placed to respond to the COVID-19 crisis with swift agility and in partnership with other public sector organisations; and is looking to retain some benefits of new ways of working for the future

12 In reaching this conclusion we found that:

- the Council responded swiftly to the rapidly changing environment of the COVID-19 global pandemic. The lockdown in March 2020 required previously office-based staff to work from home. The Council was in a comparatively good position to respond to the immediate need for its office-based staff to work from home. This was largely due to already having made it routine to provide staff with laptops and investing in cloud technologies.
- maintaining vital Council services required staff to be flexible in how and where they worked, imaginative digitisation of services and practical solutions to ensure that vital Council services continued whilst also contributing to the extension of additional health services. This has understandably resulted in operational plans and arrangements moving at greater pace and in some areas developed beyond the scope of the existing Strategic Asset Management Plan and other key Council strategies.
- in November 2019, the Council opened its partnership hub in Ringland that delivers a range of services, including health, Police and Third Sector and Council from a single building that is purposefully located to serve the community. This is a pathfinder project to establish an appropriate model for the remaining three hubs. The Council will be reviewing the [Ringland hub](#) model and developing proposals for the remaining three hubs by March 2023.
- the Council is progressing with its 'New Normal' project to further reduce the need for traditional office accommodation space by:
 - enabling many of its staff to continue to work from home for some of the time;
 - changing the office environment to collaborative working places;
 - condensing service delivery offices into less buildings; and
 - integrating with the Council's strategic priorities, particularly to improve its estate to meet the 2030 Net zero carbon commitment, driven in part by the Council's Climate Change Plan and Local Area Energy Plan.

The Council's strategy and management of its property portfolio and existing arrangements for surplus buildings are effective, but now needs to put the sustainable development principle at the heart of its considerations, building on the experience of the pandemic

Why the Well-being of Future Generations (Wales) Act 2015 is important

- 13 When we began our audit work under the Well-being of Future Generations (Wales) Act 2015 we recognised that it would take time for public bodies to embed the sustainable development principle, but we did also set out our expectation that over the medium term we would expect public bodies to be able to demonstrate how the Act is shaping what they do. It is now approaching seven years since the Well-being of Future Generations Act was passed and we are now into the second reporting period for the Act. Therefore, we would now expect public bodies to be able to demonstrate that the Act is integral to their thinking and genuinely shaping what they do.
- 14 Under the Well-being of Future Generations (Wales) Act 2015 (the Act) councils must act in accordance with the sustainable development principle. To do this, the Council must take account of the five ways of working: Long-term, Integration, Involvement, Collaboration and Prevention. Statutory guidance on the Act¹ sets out the seven core organisational activities that it is essential that the sustainable development principle is applied to. Assets are one of those core organisational activities.
- 15 In reaching our conclusion we found that:
- the WFG Act requires the Council to demonstrate that it has balanced the demands of short term whilst also safeguarding its ability to also meet needs in the longer term. The Council can demonstrate some thinking in the medium term for its property portfolio. Whilst the Council continues to gather further information on its property estate it accepts that it should also incorporate longer-term trends into their plans.
 - the Council lists that its property estate is a major risk in its [Corporate Risk Register 2021/22 Quarter 2 Update \(Page 24\)](#), with an action 'to develop a balanced strategy for the future of the Civic Centre', describing the action: 'in response to financial, environmental, legal sustainability and social pressures we need to develop a balanced strategy for the future preservation and transformation of the Civic Centre'.

In 2020, public sector organisations in Gwent agreed to collaborate with a view to identifying possible strategic approaches to a One Public Estate.

¹ Welsh Government, [Shared Purpose: Shared Future 1 – Core Guidance](#), 2016

Such an approach may identify flexibility, collaboration opportunities and a reduced dependency to seek out private market solutions which may potentially reduce costs. However, progress so far has been limited by the operational demands of the COVID-19 pandemic.

- the Council can demonstrate many examples of where it works collaboratively with other partners. Examples of recent collaborative working include the Track, Trace and Protect service and working with Aneurin Bevan University Health Board to house vaccination centres. But the Council still accepts that collaboration is still proving difficult to embed routinely.
- the Council's pilot for a community hub in Ringland and planned further developments are an example of where the Council is actively placing multi-agency services in a single building situated within the community. We were told that the hubs provided vital support and preventative services to the most vulnerable residents during the pandemic.

The Council does present some performance indicators to help evaluate its performance and accepts that this data would be enhanced by comparing with and learning from other organisations

Why effectively reviewing the delivery of planned changes to assets is important

- 16 Councils should use data to monitor whether they are achieving their intended outcomes effectively and efficiently over the short and longer term. Using benchmarking data can provide useful insight into councils' individual performance and can identify opportunities for learning from other organisations.
- 17 In reaching this conclusion we found that:
- as part our examination of councils' performance assessments covering the 2020-21 financial year, we noted a reduced reference to comparative performance information, although we recognise that the pandemic led to the suspension of some national data collection. The ability to compare data and performance with other organisations will continue to be an important element of arrangements to secure value for money and will be a challenge for councils to consider particularly as they continue to implement the requirements relating to self-assessment set out in the Local Government and Elections Act (Wales) 2021.
 - for example, within the Council's Service Plans 2017-22², there are a set of Performance Indicators with targets set for 2021-22 and actual data for the last three years. While understanding that the suspension of national

² Newport City Council, Regeneration, Investment & Housing Annual Service Plan 2017-22.

benchmarking datasets has made comparison more difficult, no external comparison has been provided.

- the Council's Strategic Asset Management Plan 2018-25 has an action, as yet incomplete, for its community partnership hubs to establish a set of performance indicators to ensure an effective and common approach is adopted in evaluating and monitoring the neighbourhood hub and spokes model. In addition to the intended set of pan-County performance indicators, the Council should consider how it will be able to gauge the social worth and impact of individual hub areas to inform improvement and resilience to future decision-making.
- the Council can provide some examples of when it has learnt from other organisations, examples being when the Council visited Partnership Hubs in Cardiff whilst developing the housing of a partnership hub pilot, and also linked up with Monmouthshire Council to benefit from their experience in implementing hybrid democratic meetings and services to enable the Council, during the COVID-19 pandemic, to re-establish the democratic processes online.



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