

Report

Council



Part 1

Date: 25 February 2025

Subject 2025/26 Budget and Medium-Term Financial Plan

Purpose To review the Cabinet's final budget proposals / Council Tax increase for 2025/26 and agree the Council's budget, resulting Council Tax increase and Council Tax resolution for 2025/26.

Author Head of Finance

Ward General

Summary Following recommendation by Cabinet of their 2025/26 budget requirement, the Council needs to review and decide on the Council's budget and resulting Council Tax increase for 2025/26.

Cabinet met on the 12 February 2025 and finalised detailed budget recommendations. This report sets out their recommended 2025/26 budget, resulting service cash limits and Council Tax increase and the Council's general reserve and contingencies. An increase in Council Tax of 6.7.% (to £1,597.77 per annum at Band D) for Newport City Council is recommended. This is an increase on Council Tax of £1.50 per week, £1.72 per week and a £1.93 per week increases for Band B, C and D properties respectively.

Building on the medium-term projections approved in March 2024, the budget process has presented challenges this year, mainly coming from budget pressures reflecting increasing demand and cost for Council services, in particular children's social care and temporary housing. Significant increase in WG funding has contributed to meeting those budget pressures and Cabinet have approved a package of investments and savings and are recommending a Council Tax level to Council which will balance the budget for 2025/26.

The Council's business and financial planning is underpinned by the Council's Corporate Plan. The plan is supported by a number of key projects and other plans to achieve the outcomes within it. Whilst there is some inherent uncertainty on the scale of future budget challenges, it is known further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability over the medium term.

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Proposal Council is asked:

Revenue budget and Council Tax 2025/26 (section 2 - 6)

- 1 To review the Cabinet's final budget proposals for 2025/26 (Appendices 7 and 8), resulting Council Tax levels and the formal Council Tax resolution, noting that an extensive consultation exercise has been completed on the 2025/26 Cabinet's draft budget proposals. Cabinet have taken this into account in recommending final details of their budget.
- 2 To agree the Council's budget for 2025/26 (Appendix 1), fees and charges (Appendix 11), Council Tax increase and Council Tax resolution (Appendix 3) for Newport City Council which incorporates the precepts levied by community councils and the Police and Crime Commissioner for Gwent.
- 3 To note the Head of Finance's recommendations that minimum General Fund balances should be increased as earmarked reserves reduce, but for 2025/26, can be maintained, at a level of at least £6.5million, the confirmation of the robustness of the overall budget underlying the proposals, subject to the key issues highlighted in section 5.

Medium term financial plan (MTFP) (section 3)

- 4 To note the MTFP, the current uncertainty over medium term funding levels and the likely significant financial challenges over the medium term in the context of increasing demand within service areas.
- 5 To agree the implementation of the three-year financial plan, including all budget proposals, as summarised within the medium-term financial plan (Appendix 4), noting that financial projections are subject to on-going review and updating.
- 6 To note and approve the Council's reserves strategy and transformation fund protocol (Appendix 6). Approve the planned use of earmarked reserves, as set out in Appendix 5a, including the proposed use of the Transformation Fund.

Action by Head of Finance – 2025/26 Council Tax billing and detailed budgets to be prepared in line with recommendation.

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 The Cabinet are responsible for developing their draft budget, including Council Tax changes and consulting on that before agreeing a final budget which is reviewed and considered by Council. The Council is responsible for agreeing the budget, resulting Council Tax levels required to fund that budget and fees and charges.
- 1.2 Any alternative budget proposals must be submitted and approved by the Council's Head of Law and Standards and the Head of Finance within 5 working days of the Council budget setting meeting (which was 5pm, 17th February) so that they can be incorporated into papers to allow members time to consider them before the Council meeting. Whilst the alternative proposals are submitted in line with the Budget and Policy Framework Procedure Rules, procedurally during the meeting they will be dealt with as a motion to amend the Cabinet's budget proposals in accordance with the Rules of Procedure for full Council.
- 1.3 The Cabinet's draft budget proposals for 2025/26 have been subject to public consultation. The proposals have been consulted on through a range of stakeholder groups as set out in paragraph 4.1. Feedback received was considered before Cabinet finalised budget considerations and details on 12th February. The package of budget investments and savings and the resulting service area budgets in this paper are based on the Cabinet's final budget proposals.
- 1.4 The Welsh Government (WG) draft settlement was received on 11th December 2024 and confirmed that funding would increase by 8.3% for 2025/26; at c£25.266m. This was the highest increase across Wales, due to Newport's increasing school and other population. Alongside new saving proposals included in the draft budget at £4,697k, this gave rise to a budget surplus or balance in hand of £599k at the draft budget stage which was agreed on 12th January 2025 Cabinet meeting.

Cabinet announced and approved a number of budget investments to utilise the above balance in hand at their meeting on 12th February.

- £140k to facilitate a review of the Council's previous decision to switch off streetlights and allow options to be considered to bring them back on
- £102k for reversing the draft budget proposal to close some library sites
- £25k for reversing the draft budget proposal to close some community centre sites
- £15k to facilitate consideration in reopening some public toilets to support events and use of parks
- £40k for reversing the draft budget proposals to cease 'Newport Matters'
- £277k to provide some mitigation for receiving less funding for the cost of the Council's direct staff employer national insurance increase

Alongside the list of budget investments and savings in the final budget setting meeting of Cabinet, these final decisions then completed the Cabinet's budget deliberations and decisions for 2025/26. The list of budget investments and savings in Appendix 7 and 8 in this report show the full list of budget decisions.

It was at this stage that the overall net budget requirement, and resulting Council Tax required to fund that, was agreed for recommendation to full Council and more details on that is shown in table 1, paragraph 6.3 in this report. The resulting individual service area and other budgets resulting from this are shown in Appendix 1.

- 1.5 The Council's final settlement will be announced on 25th February 2025 in line with the Welsh Government's budget timetable, though we understand that we may now receive this a few days earlier. Notwithstanding that, Cabinet has therefore, agreed final budget proposals and recommend a Council Tax level to Council based on the draft settlement and a requirement for a 6.7% increase in the Council Tax rate.

There are a few adjustments and confirmations of funding expected to the final settlement after 25th February, and these are outside of the Council's control. The Cabinet's final budget recommendations make assumptions in relation to these outstanding matters, as follows:

- Funding of increased employers' National Insurance costs for directly employed staff. This cost is included in the budget proposals. This is expected to be £4,541k and the budget, while it assumes it'll be fully funded by the Welsh Government, a provision for a shortfall at £277k was made alongside a decision that any further flexibility coming out of the final settlement would be added to this. 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. The value is significant and is an item considered by the HoF in his assessment of the budget robustness.
- Changes in specific grants. There were a small number of grants not finalised at the draft budget stage and may not be confirmed until the final settlement stage or even thereafter, at an all-Wales level. As always, there is a risk that grants transferring or confirmed may be reduced from current levels and the working policy that services will adjust service provision in line with grant funding availability, wherever possible, continues.

1.6 Notwithstanding the above issues, the Council is required by law to agree a balanced budget every year. Although councils have until 11th March each year to set Council Tax, in practical terms, to delay much beyond this meeting date would cause delays to 'billing' and collection of Council Tax. This would have a significant adverse impact on the collection of Council Tax and therefore the Council's cash flow.

2 2025/26 budget requirement

2.1 The Cabinet's recommended final budget is included within Appendix 1 and is based on detailed proposals approved by Cabinet in their meeting on 12th February. Members have also had sight of the budget proposals previously via the Council's Scrutiny Committees in January. The detailed proposals can be found appended to the Cabinet [agenda](#) (weblink).

2.2 Council should note that Cabinet continues to take a strategic and medium-term view and has done so by approving all budget investments and savings as part of the implementation of the Council's three-year plan. These have been summarised within the MTFP shown in Appendix 4.

2.3 A key part in considering and agreeing the annual budget and MTFP are the financial resilience issues and how the budget deals with key risks. These were considered in detail by Cabinet on 12th February and are outlined in section 5 of this report for Council.

2.4 Proposals for 2025/26 include £36.56m of budget investments / pressures (including inflation). The most significant areas of additional expenditure are linked to:

- £11,135k investment in school budgets.
- £6,173k investment in social care which includes funding to support Eliminate agenda, reinstatement of base budgets for the Barnardo's' preventative service and the Cwtch Centre, plus budget provision to enable care providers to continue paying care workers at least the Real living Wage from April 2025.
- £1,850k for housing services – homelessness demand.
- £2,175k investment in special education provision and related transport costs

2.5 Proposals for 2025/26 also include £5,319k of new savings of which £5,136k were efficiency/no service impact and are being implemented by officers under delegated authority. The balance of £183k were consulted on. In addition to new savings, £357k of previously agreed savings are also being or need implementation and included in 2025/26 budgets.

- 2.6 In addition to this base budget investment, significant specific grants are received from WG each year, and, at this time, we still await the finer details of funding levels for 2025/26. Specific grants are a key element of Council's funding which often assists in supporting core service delivery. These grants are included, at their estimated levels within service areas budgets, and will be adjusted as required, in year, once the value and conditions are known. Similarly, the service area budgets also include funding from reserves and the planned use of reserves are shown in Appendix 5a.

3 Medium term financial plan (MTFP)

- 3.1 The MTFP is the articulation of the Council's financial challenges and includes the savings currently identified over the next three years. The Council is required by law to set a balanced budget every year. At the same time, the MTFP is reviewed and updated to help plan savings and investments across the next three to four years. A key part of the review is to ensure that key priorities are included. The current medium term financial projections are included in Appendix 4.
- 3.2 The Council Corporate Plan is supported by various other plans to achieve the outcomes within it. A key aspect of the Council's financial sustainability are the various transformation projects in place now and being developed for the future, in particular in the housing and children's social care areas. These form a key part of the strategy for addressing at least part of the budget gap in the future and are collectively therefore very important. Therefore, further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability.
- 3.3 The MTFP highlights significant financial challenges in the budget years following the 2025/26 year. A key aspect of this is the Council revenue support grant which makes up c75% of the funding for its revenue budget. Following a new Government in 2024, it is expected that a 2-year funding horizon will be provided in the Spring 2025 UK Budget announcement. Therefore, the scale of the challenge cannot be known until then, but this current uncertainty is no different to any other year. In saying this, the expected 2-year indicative funding horizon will provide much needed certainty. The current MTFP has been updated for the Council with an assumption for RSG increases of 2.5%, being the same as that for staff pay inflationary increases.

Whilst significant uncertainty still exists around medium-term funding and financial issues currently, it is likely still to be challenging, in part because of the increasing pressures and cost on Council services. The current service transformation projects, when implemented, will form a key part of the strategy for addressing the budget gap in the future, but will likely not in themselves deliver the quantum of savings required over the medium term. Therefore, further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability.

4 Budget consultation

- 4.1 The budget proposals agreed by Cabinet in early January were consulted on through a range of stakeholder groups and formats, which are as follows:
- With Trade Unions via the Employee Partnership Forum on 8 January 2025.
 - With all Scrutiny Committees in their January 2025 meetings where Members discussed the detailed investments and savings proposals, plus the MTFP.
 - With the Schools' Forum on 23 January 2025.
 - With the public from 13 January to 5 February 2025 in relation to those new budget savings agreed in the Cabinet's January 2025 meeting and from 14 November 2024 – 15 December 2024 for the 1st phase savings announced by Cabinet in their November meeting.

- Meetings in certain Wards / localities in relation to specific budget proposals were held and Ward meetings to explain the budget and how to respond to consultation were held throughout January.
- Engagement with Newport Fairness Commission. As was the case last year, the commission is taking a different approach to engagement, focussing on specific themes, rather than all proposals. Therefore, there was no formal response provided this year.

The detailed results of the consultation were shared at the February Cabinet meeting and the public consultation summary feedback are included in Appendix 9.

Fairness and Equality Impact Assessments (FEIAs)

- 4.2 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, which have been updated to reflect public consultation responses.
- 4.3 As part of the budget process, equality implications are considered for all budget proposals and where necessary an EIA carried out by the relevant service manager, supported by the Council's policy team. These were updated, as necessary, following the budget consultation exercise and used by the Cabinet in their final budget decisions in their February meeting. The detailed FEIAs can be found [here](#) in English and [here](#) in Welsh.

5 Risk, reserves, financial resilience.

- 5.1 A key driver in the budget and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. The Chief Financial Officer/s151 officer is required to report to the Council on the robustness and sustainability of the estimates in the budget report, and on the adequacy of the reserves and balances. The Council is required to take these comments into account when making its budget and Council Tax decisions. The requirements on the s151 officer are to ensure that the budget recommended to Council is balanced (i.e. income matches expenditure), is robust and therefore deliverable and has an adequate level of reserves. The s151 Officer is required to ensure the Council's approved budget addresses all three issues.
- 5.2 Reserves are an essential part of good financial management. They help councils to cope with unpredictable financial pressures, plan for future spending commitments and manage financial risks. Having the right level of reserves is fundamental to robust and responsible medium term financial management.
- 5.3 Appendix 5 sets out details in relation to the risks, reserves and financial resilience of the Council and key issues and highlights are summarised here. The Chief Financial Officer/s151 officer has assessed the balance of risk and the associated mitigating actions set out in Appendix 5, and considers, on this basis, the budget for 2025/26 to be robust. Key assumptions underlying this include:

Short-term

- Savings are delivered in full/on-time, including outstanding savings from previous years. The Council has a good track record in delivering its agreed budget savings.
- Service area budgets are managed, in total, within resources allocated with particular emphasis on children's social care, housing services, and property/assets related areas which have the more significant levels of over-spending in the current financial year. Investments in budgets have been provided for 2025/26 to facilitate this.
- Schools produce sustainable budgets with funding levels available to them.
- Maintenance of the current, and funding of any new, earmarked reserves and provisions covering material risks as part of the 2024/25 year-end process and from in-year 2025/26 monitoring, as appropriate.

- The Council receiving the expected funding for increased direct staff national insurance costs which is material at c£4.5m. The Cabinet have recommended some risk mitigation here in the form of a budgetary provision for a shortfall.
- The Council managing financial issues coming out of specific grant funding levels when these are known, over and above the funding available from the Cabinet's budget to provide mitigation to key areas.

Medium-Term

- The development, approval, implementation of; and putting in place appropriate governance arrangements for; a transformation programme of projects and plans for managing the current significant financial challenges on cost and demand in children's social care and homelessness service areas. And the development of further service area strategies and transformation plans to deliver savings over the medium term. This work is on-going.

5.4 In concluding that the proposals are robust, the Chief Financial Officer has placed reliance on the budget process that has been followed, and the assurances provided by Heads of Service and Directors. All service areas have been engaged on the budget development over the summer 2024 to date. In developing the budget, appropriate demographic, price growth, known demand changes and deliverable savings have been developed and considered, based on the latest available information and intelligence.

The 2025/26 budget has the following areas of mitigation which will be available to support the budget challenges and risks set out in Appendix 5 and the summary above:

- (i) existing revenue contingency budget £1.6m.
- (ii) existing revenue budgets not yet committed (capital financing budget), and which will provide some limited, but nonetheless helpful mitigation to manage revenue budget risks in the short-term (2025/26 only) over and above the existing contingency budget - at c£500k.
- (iii) specific school reserves forecast at c£9m.
- (iv) Significant investment in revenue budgets to mitigate current levels of overspending and risks on an on-going basis – in housing, social care and asset/property services.

The combination of the revenue budget contingencies, both permanent and temporary; and Earmarked Reserves with General Fund Balances together are proportionate and adequate when assessed against the balance of identified risk for next year.

Notwithstanding the above, the Chief Financial Officer/s151 officer would make the Council aware of the following:

- The Council's 'general reserves' is lower than required. They represent only 2.3% of the Council's net budget, excluding school's net budgets. Whilst general reserves have inherent limitations in their use; they are still an integral part of the Council's financial plans for managing unexpected, significant or prolonged 'financial stresses'. Nearly all Council current reserves are earmarked and those used for risk are specific to particular risks / issues and therefore beyond these, the general reserves provide very limited risk mitigation. In the short term, as noted in Appendix 5, existing reserves could and would need to be re-purposed, but this will have impact on their intended use and/or create additional financial pressures.

As earmarked reserves are utilised/reduced over the medium-term; this current potential mitigation they provide will reduce. These reserves are currently forecasted to reduce significantly and at a fast rate over the current and next year or two, though as always, there is an inherent amount of uncertainty over the forecast, and it is reviewed regularly. Notwithstanding this, the current forecast reduction in earmarked reserves is significant and would require the general reserves to be increased over a similar period.

- Use of the prior year underspend and the current financial year underspend, together, should be considered for increasing or starting to increase general reserves.
- The Council's Invest to Transform reserve is set to reduce to below recommended minimum balance level, as per the reserves protocol, and whilst this will continue to be able to provide funds required to transform services in the short term, the financial capacity required to fund costs of an organisational wide transformational programme will likely be significant over the medium term.
 - Further funding should be identified for the Invest to Transform reserve - from underspending in the prior year underspend reserve and current year forecast underspend to provide financial capacity to cover the costs of delivering specific projects over the medium term.

6 2025/26 proposed Council Tax

- 6.1 Newport continues to have one of the lowest Council Tax rates in Wales, amongst the lowest in the UK. Whilst changes in Council Tax levels are usually noted in percentage terms, the cash increase this delivers in Newport will be smaller relative to other local authorities as the starting position is lower.
- 6.2 Cabinet have recommended an 6.7% Council Tax increase to Council. This would result in Council Tax rates in the more common bands B-D in Newport of £1,242.71, £1,420.24, and £1,597.77 respectively which is an increase of £1.50 - £1.93 per week. Although the draft 2025/26 settlement was a welcomed uplift as it enables the Council to support major cost and demand pressures that it continues to face, it was not sufficient to mitigate, in full, the extent of the financial challenges being faced. Therefore, the key consideration for Cabinet has been to decide on the balance between Council Tax increases and the level of savings.
- 6.3 Based on the recommended Council Tax, the table below illustrates the net budget and funding recommended by Cabinet at its meeting on 12th February 2025.

Table 1: 2025/26 available and required budget

The table below shows the available and required budget funding with an 6.7% increase in Council Tax. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 6.7%	£1,597.77
<u>Budget requirement</u>	£000
Base budget 2024/25	400,025
2025/26 Inflation	25,325
Council direct staff National Insurance funding	(4,264)
DRAFT BASE BUDGET 2025/26 (before investments/savings)	421,086
2025/26 Budget investments – (inc. increase of £984k required in Council Tax Reduction Scheme based on 6.7% Council Tax increase)	12,225
2025/26 budget savings	(4,761)
2025/26 use of reserve 'movement'	165
DRAFT BASE BUDGET 2025/26	428,715

Draft funding available	
Draft WG settlement	329,311
Current Council Tax at new tax base	93,162
Increased Council Tax @ 6.7%	6,242
Total	428,715
Balance	0

6.4 The final budgets, as detailed in Appendix 1, incorporate the above recommendations. In finalising the budgets from the draft, the Cabinet was also mindful of the need to balance the issues and interests of service users, taxpayers, the current relatively low tax level, the medium-term financial outlook, service demands faced by services and risks. In addition, it should be noted that the Council Tax, even with the increase recommended, would still be lower than most other Welsh authorities.

Community / Police precepts and Council Tax calculation

6.5 The ultimate Council Tax calculation includes precept figures from The Police and Crime Commissioner for Gwent and precept figures from community councils within the city as well as the city council's own budget. These are shown in Appendix 2. The resulting Council Tax resolution is set out in Appendix 3. These are based on the budget proposals agreed by Cabinet on 12th February 2025.

Risks

Detailed financial risks are included in the various sections of the report and appendices where applicable.

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?
Previously agreed budget savings not delivered	L	L	(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/ Directors
Budget savings not delivered on time leading to in year overspending	M	M	(i) robust budget monitoring (ii) programme governance (iii) retention of reserves and budget contingency	Heads of Service Head of Finance Directors
Unforeseen pressures	H	H	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance/ Heads of Service Directors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

In drawing up budget proposals, due regard has been given to key council policies and priorities and Cabinet, in setting the detailed budget and spending plans, considered these in detail in their February meeting. Details are included in the February 2025 budget report.

Options Available and considered

The Council must approve a recommended Council Tax and resulting overall revenue budget for 2025/26 which is balanced and robust.

Preferred Option and Why

Council has various options available to them on the level of Council Tax and therefore the overall total revenue budget for the Council.

Comments of Chief Financial Officer

The 2025/26 budget has been very challenging with on-going demand for services increasing, and Cabinet approved a balanced budget on 12th February, requiring a Council Tax increase of 6.7%. As the report highlights, my assessment of the budget, as required by law, has been positively influenced by the availability of revenue budget contingency, some of which is temporary, and ultimately, the availability of total reserves, in the last resort. These are spelt out in detail in section 5 of the report. The Council and Cabinet are asked to note my comments in respect of the level of general reserves in section 5 of the report. The budget includes significant investment into currently overspending services areas and therefore, estimates are as reasonably robust as they can be though the uncertainty of funding for the direct staff employer national insurance costs is a significant factor, which is unavoidable. Some limited, but nonetheless helpful mitigation is provided for this risk.

The Council has a good track record of spending within its available budget and services will need to manage budgets as robustly as they can in 2025/26 and in that respects, major budget overspending areas and issues have been dealt with in this budget. With much lower contingency in the revenue budget compared to the previous two years, this issue is more important than ever.

Whilst the Council budget must by law be set by the 11th of March, in practice the budget must be set earlier to meet Council Tax billing and collection arrangements deadlines. Not agreeing a budget at this meeting will result in potential significant impact on the collection of Council Tax and cash-flow.

Comments of Monitoring Officer

The Local Government Finance Act 1992, as amended, requires the Council to set a balanced budget, including the level of the Council Tax. This means the income from all sources must meet the proposed expenditure. Best estimates must be employed to identify all anticipated expenditure and resources. The approval of the Council's budget and Council Tax, and the adoption of a financial strategy for the control of the Council's borrowing or capital expenditure are matters reserved, by law, to full Council. However, the Cabinet has responsibility for preparing, revising and submitting to Council estimates of the various amounts which must be aggregated in making the calculations required in order to set the budget and the Council Tax; and may make recommendations on the borrowing and capital expenditure strategy, (pursuant to the Local Authorities (Executive Arrangements) (Functions and Responsibilities) (Wales) Regulations 2007)).

Local authorities must decide every year how much income they are going to raise from Council Tax. This decision must be based on a budget that sets out estimates of what the Council plans to spend on services. As the Council Tax must be set at the start of the financial year and cannot be increased during the year, consideration must be given to risks and uncertainties and allowances made in funds for contingencies and reserves. The budget and the Council Tax must be set by 11th March in the preceding financial year. A failure to comply with the time limit may leave the Council open to challenge by way of judicial review.

When the Council is considering its budget, it must have regard to the Section 151 Officer's report on the robustness of the estimates and the adequacy of the reserves in the budget proposals (section 25 of the Local Government Act 2003). This ensures that Members make their decision on the basis of authoritative advice. Members should provide clear reasons if they disagree with the professional advice of the Section 151 Officer.

All decisions taken by or on behalf of the Council must: be within the legal powers of the Council and of the body or person exercising powers on behalf of the Council, comply with any procedural requirement imposed by law, be undertaken in accordance with procedural requirements imposed by the Council e.g. procedure rules, be fully and properly informed, be properly motivated (i.e. for an appropriate, good and relevant reason), be taken having regard to the Council's fiduciary duty to its tax payers as elected members are trustees of the public interest and of its statutory purposes for which public powers are conferred on them, (this general duty requires the Council to act prudently and in good faith in the interests of those to whom the duty is owed) and otherwise be reasonable and proper in all the circumstances.

Comments of Head of People, Policy & Transformation

The 2025/26 Budget and Medium-Term Financial plan gives Council the opportunity to agree the Council Tax increase and to review the investments and necessary savings in the deployment of resources across the range of functions and services over the next three years.

This is in line with the Council's Corporate Plan 2022-27 and supports to deliver on its four Well-being Objectives, including the wider principle of being 'A Listening Council', which outlines the importance of the views of communities and service users. As part of the consultation process, a range of opportunities have been put in place for the public to express their views and these are included in the report for the review of Council. A significant number of responses have been received including emails, on-line surveys, through bus Wi-Fi, public meetings with stakeholders and petitions.

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working are supported but 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 practicable savings have been made in previous years.

Whilst potential impacts on frontline services have been minimised for 2025/26, the Councils workforce will nevertheless be impacted by proposals to deliver services in different ways or to reduce provision. All staff and trade unions potentially affected by the budget proposals have been consulted with or will be as and when necessary. Whilst potential impacts on the workforce have been minimised as far as possible, there is impact on some of the workforce which is being supported.

The Council is required to ensure it considers the impact of decisions taken now on future generations and also any impacts on protected equalities groups. This has been done through the use of Fairness and Equality Impact Assessments which are in place for all key savings proposals.

Scrutiny Committees

All detailed proposals were reviewed by all Scrutiny Committees in their January 2024 meetings, as part of the wider budget proposals consultation undertaken and considered by Cabinet.

Fairness and Equality Impact Assessment:

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

The link to Fairness and Equality Impact Assessments (FEIAs) for individual savings proposals was appended to the February Cabinet report.

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 nearly eight week period of public consultation between the November and January draft budget announcements 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

Wide consultation on the budget has been undertaken, as outlined in section 4 of the report.

Background Papers

Final Budget and MTFP: Final Proposals – 2025/26 presented to Cabinet on 12 February 2025.

Dated: 25th February 2025