

# Agenda

## Cabinet

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Dyddiad: Dydd Mercher, 24 Mehefin 2020

Amser: 10.00 am

Lleoliad: Cyfarfod Rhithwir

At: Cynghorwyr: J Mudd (Cadeirydd), Councillor R Jeavons, P Cockeram, G Giles, D Harvey, D Mayer, Councillor R Truman, D Davies and M Rahman

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### Eitem

### Wardiau Dan Sylw

- 1 Ymddiheuriadau dros Absenoldeb
- 2 Datganiadau o ddiddordeb
- 3 Covid-19: Nodau Adfer Strategol (Tudalennau 3 - 12)
- 4 Covid-19: Effaith Economaidd ac Adferiad (Tudalennau 13 - 34)
- 5 Covid-19: Effaith Ariannol (Tudalennau 35 - 48)
- 6 Covid-19: Olrhain Cyswllt (Tudalennau 49 - 56)

Mae'r dudalen hon yn wag yn



# Report

## Cabinet

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### Part 1

Date: 24<sup>th</sup> June 2020

**Subject** Newport City Council's Strategic Recovery Aims in response to the Covid 19 Health Emergency

**Purpose** To endorse the Strategic Recovery Aims that will enable the Council's services to recover and operate whilst continuing to support the Council's Strategic aims set in the Corporate Plan 2017-22.

**Author** Acting Chief Executive and Head of People and Business Change.

**Ward** All

**Summary** The Covid 19 health emergency has posed significant and unprecedented challenge to the way we deliver our services and our way of life. Since March 2020, the Council's focus has been to preserve life, minimise the spread of the virus and support our communities and the vulnerable.

In moving towards the recovery of Council services, enable operation under a 'new normal' and to maintain focus on the Council's Corporate Plan 2017-22, new Strategic Aims have drafted for Cabinet's approval.

**Proposal** For Cabinet to approve and endorse the Strategic Recovery Aims that will enable Newport's communities, Council Members and staff and partners understand the Council's Strategic priorities in 2020/21.

**Action by** Cabinet

### Timetable

This report was prepared after consultation with:

- Corporate Management Team
- Leader of the Council

### Signed

## Background

The Covid 19 health emergency has posed a significant and unprecedented challenge to the way in which we deliver our services and our way of life. Since March 2020, the Council's focus has been to preserve life, minimise the spread of the virus, and support our communities and the vulnerable.

The Council's immediate response to the emergency was to establish a Gold Command to oversee decision making and suspending normal governance processes, delegating decision making to Heads of Service. Throughout the health emergency the Council's services and staff have demonstrated their willingness and altruistic dedication in delivering front line services to the city's most vulnerable people and communities, volunteering to support priority areas while also adapting to the new ways of working from home using technology.

Following the implementation of these arrangements, Newport City Council now needs to start looking forward, moving the Council's focus to a recovery and renew phase. The pace and nature of recovering the Council's services operating in a 'new normal' will be influenced by the Welsh Government and Public Health Wales legislation and guidance. This will ensure resilience and flexibility across our services should further outbreaks occur in the city or region.

### Development of the Strategic Recovery Aims

The Strategic Recovery Aims have been drafted in reflection of the work undertaken by the Council in response to the crisis while also considering the Council's long-term aim to *'build a better Newport'* and supporting the Wellbeing of Future Generations Act 2015. The Council's Corporate Plan 2017-22 has four **Wellbeing Objectives**:

1. *To improve skills, education and employment opportunities*
2. *To promote economic growth and regeneration whilst protecting the environment*
3. *To enable people to be healthy, independent and resilient*
4. *To build cohesive and sustainable communities.*

The Strategic Aims and supporting actions in the table below sets out the Council's focus and prioritisation of its work as Newport and Wales eases out of the lockdown and back into a 'new normal'. In moving forward, the Council will be focusing on retaining and building on the positive work that has been undertaken by the Council, its strategic partners, charities, not for profit organisations, community groups and individuals. The Strategic Aims also acknowledge the further work and action required by the Council and its partners to address areas of sustainability in the social care sector as well as the inequality and poverty that the Covid 19 crisis has affected across the communities in Newport. Alongside the delivery of the Strategic Aims, the Council will also be undertaking a Community Impact Assessment that will assess and address the impacts of the Covid 19 crisis across Newport's communities and supporting the future direction of the Council's priorities and actions.

### Strategic Recovery Aims

<b>Strategic Recovery Aim 1:</b> Understand, and respond to, the additional challenges, which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.	
<b>Wellbeing Objective 1</b> – To improve skills, education and employment opportunities	
To achieve this aim we will:	
1	Support schools and other education establishments to safely reopen for both school staff and pupils.
2	Work to prevent and reduce inequality of progress and outcomes in education for mainstream and vulnerable learners through the implementation of the National Continuity of Learning Plan.

**Strategic Recovery Aim 1:**

Understand, and respond to, the additional challenges, which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.

**Wellbeing Objective 1** – To improve skills, education and employment opportunities

To achieve this aim we will:

3	Support schools to enhance and develop digital skills, digital teaching and learning platforms and enhanced support for digitally excluded learners.
4	Support and enable people that are digitally excluded to access community IT programmes, Council services and other public services.
5	Support people who have been affected by unemployment to access new opportunities through training and re-employment required for post Covid 19 businesses.
6	Ensure our diverse communities are appropriately supported through tailored interventions specific to their needs, including consideration of language, culture and points of access.

**Strategic Recovery Aim 2:**

Understand and respond to the impact of Covid19 on the city's economic and environmental goals to enable Newport to thrive again.

**Wellbeing Objective 2** – To promote economic growth and regeneration whilst protecting the environment.

To achieve this aim we will:

1	Maintain our focus on regenerating Newport to deliver existing and new investment projects.
2	Enable and support the construction industry to re-establish the supply of new and affordable housing.
3	Enable and support businesses to re-establish normal operations whilst maintaining the health and safety of their workers and customers.
4	Enable and support businesses to prepare for future trade arrangements resulting from Brexit negotiations.
5	Protect and improve the environment, including air quality and decarbonisation of the city for its residents, businesses and visitors.
6	Continuing support and safe delivery of the Council's City services including waste, cleansing and highways.

**Strategic Recovery Aim 3:**

Promote and protect the health and wellbeing of people, safeguarding the most vulnerable, and building strong, resilient communities

**Wellbeing Objective 3** – To enable people to be healthy, independent and resilient

To achieve this aim we will:

1	Support people to remain living independently in their homes and communities.
2	Fully restore Children and Adult Services, supporting partners that have been impacted by Covid 19 and ensuring service users and staff are supported and protected.
3	Assess the impact and the long-term sustainability of the social care sector in Newport informing future service requirements.
4	Safeguard and support children and young people to remain safely with their families.
5	Improve opportunities for Active Travel and work towards improved air quality.
6	Regulate businesses and support consumers / residents to protect and improve their health.
7	Work with key partners to safely re-open cultural and leisure facilities including the promotion of the city's parks, open spaces and coastal paths.

**Strategic Recovery Aim 3:**

Promote and protect the health and wellbeing of people, safeguarding the most vulnerable, and building strong, resilient communities

**Wellbeing Objective 3** – To enable people to be healthy, independent and resilient

To achieve this aim we will:

8	Sustain a safe, healthy and productive workforce.
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**Strategic Recovery Aim 4:**

Provide people with the resources and support that they need to move out of the crisis, considering in particular the impact that Covid 19 has had on our minority and marginalised communities.

**Wellbeing Objective 4** – To build cohesive and sustainable communities

To achieve this aim we will:

1	Work together with our partners to reduce poverty, address homelessness and support our most vulnerable people as a priority.
2	Assess and address the inequalities that Covid 19 has highlighted or contributed to within our communities.
3	Identify, develop and seek to sustain any positive developments emerging during the crisis.
4	Developing opportunities for people to access suitable and affordable housing
5	Deliver a community cohesion programme that effectively responds to community tensions and creates a shared sense of identity across the city.
6	Prevent and address instances of antisocial behaviour impacting upon the residents and the business community of Newport
7	Re-establish Community Regeneration facilities and services where it is safe to do so for staff and its service users.
8	Develop opportunities for community involvement participation and engagement.

**Delivering the Strategic Aims and Actions**

To support the delivery of the Strategic Aims and actions, service areas will review their service plans for 2020/21, to re-prioritise their objectives, actions, performance measures and risks. The Planning, Performance and Risk Management Framework is in place to monitor the progress against the service plans during 2020/21. This will enable the Council's Cabinet and Corporate Management Team to assess the progress of delivery while also providing the flexibility to respond to future outbreaks, challenges and eventually returning back to the Wellbeing Objectives set in the Corporate Plan 2017-22.

To support the communication and publication of the Council's Strategic Aims, the Council's Strategic Communication team will also distribute communications across Newport's communities via its social media, Council website, printed texts and Community Hubs. See concept graphic attached in Appendix 1.

**Newport City Council Operational Services and Governance Arrangements**

To deliver the Strategic Aims and to ensure that the Council complies with the necessary legislation and regulation set by Welsh and UK Governments, operational services will need to be able to safely engage with its service users, work safely in Council buildings, offices and to work remotely both in the short term and long term. The Council alongside its strategic partners, Newport Norse and Shared Resource Service (SRS) is progressing a programme of work to examine and implement the necessary measures minimise the spread of Covid 19 and to maintain a safe working environment for all.

The Local Government (Coronavirus) (Wales) Regulations 2020 ("the Regulations") came into force on 22<sup>nd</sup> April 2020 and apply to all Council meetings until 1<sup>st</sup> May 2021.

The Regulations will enable the Council to hold remote meetings to overcome Covid 19 social distancing measures and limitations in the existing Local Government (Wales) Measure 2011 regarding the requirements for convening, managing and recording meetings.

The Regulations enable the Council to postpone holding an Annual General Meeting (AGM) until December 2020, enable current office-holders to remain office until May 2021 and suspend the automatic disqualification if Councillors do not attend meetings for more than 6 months. Therefore, the Council does not have to hold any remote meetings at all and the current scheme of delegation is sufficient to enable urgent decisions to continue be taken without the need to convene any meetings.

However, the recommencement of Cabinet is the first step and the Council's commitment to reinstalling governance and democratic arrangements in Newport. The Regulations permit remote meetings to be held without public access, provided that a full record of the proceedings are published on the Council's web site within 5 days of the meeting. Therefore, the first Cabinet meeting will be held in closed session while the technology is being refined but, in the interests of transparency and openness, it is intended that future meetings will be broadcast live. The Council's Democratic Services, Digital Services and SRS will work with elected members to develop practices and procedures for conducting remote meetings, agreeing specific protocols for conduct of virtual meetings, training, should this be required, with electronic documents and publication through the Council's website.

### **Public Services Board and Partnership working**

The One Newport Local Well-being sets out the Public Services Board (PSB) overarching well-being objectives, priorities and actions to improve the economic social, cultural and environmental well-being of Newport. Over the last two years, the PSB and the wider One Newport partnership have been working together on implementing this plan. Prior to the Covid 19 outbreak, the PSB proposed to review and amend the Plan to ensure the partnership is adapting to changing circumstances. The review has been delayed by the Covid outbreak, however there is now an opportunity to use the learning and experiences of exceptional partnership working over the last three months to shape the aspirations and priorities in the plan going forward.

The Community Well-being Profiles (Well-being Assessment) are currently being updated. The information collated will be used alongside the Community Impact Assessment and recent engagement information to inform the review of the Well-Being plan. The second Local Well-being Plan Annual Report is being prepared for publication. The PSB considered options for completion of the report at their June meeting which will mean an extension to the publishing date to ensure a meaningful report is produced.

### **Financial Summary**

A separate Financial Report to Cabinet will be presented covering the impact of Covid 19 on the Council's revenue and capital position.

### **Risks**

<b>Risk</b>	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?
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The Council is not able to deliver its strategic objectives set in the Corporate Plan.	High	Medium	Setting Strategic Aims will enable the Council to focus and respond to the Covid 19 health emergency. Council monitoring and reporting processes will support the delivery of the Strategic Aims and Corporate Plan.	Corporate Management Team / Heads of Service.
The Council is not able to respond and protect its residents as a result of future Covid 19 outbreaks	High	Medium	The Council's Gold Command arrangements will remain in place to respond and manage any future outbreaks.  Collaborative and partnership working with the Local Resilience Forum will ensure coordination of resources and services to respond to future outbreaks.	Corporate Management Team / Gold Command.

## Links to Council Policies and Priorities

The Strategic Recovery aims set out in this report will support the Council's Corporate Plan 2017-22. This is also aligned to the Public Services Board, One Newport Wellbeing Plan 2018-23 and Wellbeing of Future Generations (Wales) Act 2015.

## Options Available and considered

The options available to Cabinet:

1. To endorse the Strategic Recovery Aims that will enable the Council's services to recover and operate whilst continuing to support the Council's Strategic aims set in the Corporate Plan 2017-22.
2. Reject the Strategic Recovery Aims that are outlined in this report and reconsider the Council's priorities.

## Preferred Option and Why

Option 1 is preferred, as this will enable the Council to provide strategic way forward for its Members, staff, service users and partners as the Council responds to the Covid 19 health emergency.

## Comments of Chief Financial Officer

The strategic recovery aims outlined in this report are likely to come at significant increased financial cost to the Council. In some areas, these will be covered by funding provided by the Welsh Government hardship fund, other grants, or mitigated by reduced provision of services in other areas of the Council. However, where the recovery phase continues further into the year and the funding of these costs becomes uncertain, there may be a significant direct impact on the Council's budget.

Costs of the recovery phase are currently being assessed and will be included in the monitoring update to Cabinet in July.



## **Comments of Monitoring Officer**

There are no specific legal issues arising from the Report. The proposed Strategic Recovery Aims do not change any of the existing Corporate Plan objectives or the Council's well-being objectives. Therefore, this does not require any amendment to these current Policy Framework documents, which would require approval by full Council. The Strategic Recovery Aims is intended to put the Covid-19 recovery measures into the context of the current Policy Framework and relate the individual measures to the specific objectives set out in the Corporate and Well-Being Plans. This is a high-level strategic document and it will be underpinned by a series of operational service delivery recovery plans at various levels of implementation.

The Cabinet proceedings will be conducted in accordance with the flexible arrangements for remote meetings under the Local Government (Coronavirus) (Wales) Regulations 2020.

## **Comments of Head of People and Business Change**

Newport City Council has a responsibility to safeguard and protect its residents, businesses and visitors. The endorsement of the Strategic Recovery Aims will enable the Council to prioritise its work whilst having the flexibility to respond to future Covid 19 outbreaks in the City. The Wellbeing of Future Generations (Wales) Act 2015 requires the Council to have long term sustainable objectives and these Strategic Recovery Aims will support the Act and ensure the Corporate Plan objectives remain at the forefront of our services.

The Council has responsibility to safeguard and protect its staff, elected members, service users and anyone else that may contact or use Council services. Newport Council will ensure these requirements are complied with and take necessary actions to ensure safe working environments are provided to all.

## **Local issues**

None

## **Scrutiny Committees**

Under the Council's Constitution, powers have been delegated to Heads of Service and since the Covid 19 outbreak governance arrangements including the Council's Scrutiny Committees have been suspended. However, there is every intention as the Council re-instates its democratic and governance functions, the Council's Scrutiny Committees will be provided an opportunity to assess and review the contents of this report.

## **Equalities Impact Assessment and the Equalities Act 2010**

The equality impact of Covid19 and its long-term implications for communities is significant. The regulatory body, Equality and Human Rights Commission (EHRC) has recently informed public services that their scrutiny activity during this period will focus on how public sector organisations are effectively considering the equality impact of decisions, planning and policymaking. The EHRC has also announced that they will be undertaking a formal inquiry into the disproportionate impact of Covid19 on minority ethnic communities, and the structural inequalities that have contributed to this.

In the development of the Council's Strategic Aims over this period, we have been examining data and information, as well as consulting with communities across the city to identify any disproportionate impact being experienced because of the Covid19 health emergency. This work is informing a Community Impact Assessment (CIA), which further impact on the actions set out in this report, as well as the future focus of individual service areas. The CIA will consider both people that share-protected characteristics under equality legislation, but also take into account wider factors including the impact on community cohesion and socioeconomic status, aligning with Welsh Government's work to implement the new Socioeconomic Duty, and building on the progress of the Wellbeing of Future Generations Act.

Key community and equality impacts that will need to be considered both at a strategic and operational level and are highlighted within the CIA include:

- The complex and disproportionate impact that Covid19 has had on our Black Asian and Minority Ethnic communities
- The trust and confidence levels that communities have in local authority and wider public sector/government services as a result of the Covid19 response
- Mental health and wellbeing across communities, but particularly those who have experienced loss or increased isolation during the pandemic
- The impact of school closures on our most vulnerable learners
- Building future resilience for those communities who are most affected – focussing work to address issues like material poverty, institutional inequalities, digital exclusion and poor health which have been compounded and highlighted by the crisis
- The impact on our migrant populations and the increase in risk of homelessness, destitution and exploitation

### **Children and Families (Wales) Measure**

At the heart of the Council's Strategic Recovery aims is the objective to *Promote and protect the health and wellbeing of people, safeguarding our most vulnerable, and building strong, resilient communities.* Safeguarding vulnerable children, young people and families remains an important part of Council's services. The findings and recommendations from the Community Impact Assessment and future studies into the impact of Covid 19 on communities and society in Wales will inform and direct the prioritisation of services.

### **Wellbeing of Future Generations (Wales) Act 2015**

The Strategic Recovery Aims have been drafted to support the Council's Corporate Plan 2017-22, Public Services Board 'One Newport' Wellbeing Plan 2018-23 and the Wellbeing for Future Generations (Wales) Act 2015. The delivery of these strategic aims and actions will ensure that the Council is able to respond in the short term to the Covid 19 emergency but also ensure that we are able to prevent longer-term impacts on the city and the Council's services. Through the Council's Community Impact Assessment, we will look to revisit over time the impacts that Covid 19 has had on the city's communities and those that share protected characteristics under the equality legislation. The involvement of people and businesses and our strategic partners is key to ensure that we are able to sustainably deliver the Council's services and will inform the future direction of the Council.

### **Crime and Disorder Act 1998**

Not applicable

### **Background Papers**

Public Services Board, One Newport Wellbeing Plan 2018-23  
Corporate Plan 2017-22

# Covid19 Health Emergency

## Moving to Recovery (Draft)



■ Courageous

■ Positive

■ Responsible

The Covid19 health emergency has posed a significant and unprecedented challenge to our way of life and the way which Newport City Council delivers its services. On the city's road to returning to a 'new normal', we have revisited our strategic aims to build on the work that the Council and our partners have delivered during this crisis, and to ensure that we continue to build a better Newport by protecting lives, supporting our communities and the vulnerable, reducing inequalities, and rebuilding our economy.

### What we have done to date:

- Worked with partners to move vulnerable people, including our street homeless into temporary accommodation
- Provided £30,000 of funding to local foodbanks and distributed around 700 food parcels from our neighbourhood hubs
- Ensured families are supported with free school meals, digital access and childcare for our keyworkers
- Worked across our communities and businesses to ensure social distancing guidelines are understood and complied with

- Processed 2,250 grant applications issuing £30m to eligible businesses in Newport.
- Reconfigured our services to continue providing waste and recycling
- Used digital technology to enable staff to deliver key services to our communities
- Ensured all of our front line staff in contact with the community have access to the right Personal Protective Equipment
- Delivered vital social care services for all that need them
- Maintained our public spaces, including parks and cemeteries, so the public can use these safely
- Worked with partners to address community safety issues including anti-social behaviour, domestic abuse and hate crime

### Strategic Aim 1

**Understand, and respond to, the additional challenges which Covid19 has presented, including loss of employment, impact on business and on the progress, achievement and wellbeing of both mainstream and vulnerable learners.**

Support schools and other education establishments to safely reopen for both staff and pupils.

Work to prevent and reduce inequality of progress and outcomes in education for mainstream and vulnerable learners through the implementation of the National Continuity of Learning Plan.

Support schools to enhance and develop digital skills, digital teaching and learning platforms, and enhanced support for digitally excluded learners.

Support and enable people that are digitally excluded to access community IT programmes, council and other services.

Support people who have been affected by unemployment to access new opportunities through training and re-employment required for post Covid 19 businesses.

Ensure our diverse communities are appropriately supported through tailored interventions specific to their needs.

### Strategic Aim 2

**Understand and respond to the impact of Covid19 on the city's economic and environmental goals to enable Newport to thrive again.**

Maintain our focus on regenerating Newport to deliver existing and new investment projects.

Enable and support the construction industry to re-establish the supply of new and affordable housing.

Enable and support businesses re-establish normal operations whilst maintaining the health and safety of their workers and customers.

Enable and support businesses to prepare for future trade arrangements resulting from Brexit negotiations.

Protect and improve the environment, including air quality and decarbonisation of the city for its residents, businesses and visitors.

Continuing support and safe delivery of the Council's City Services including waste, cleansing and highways.

### Strategic Aim 3

**Promote and protect the health and wellbeing of people, safeguarding our most vulnerable, and building strong, resilient communities.**

Support people to remain living independently in their homes and communities.

Fully restore Children and Adult Services, supporting partners that have been impacted by Covid19 and ensuring service users and staff are supported and protected.

Assess the impact and the long term sustainability of the social care sector in Newport informing future service requirements.

Safeguard and support children and young people to remain safely with their families.

Improve opportunities for Active Travel and work towards improved air quality.

Regulate businesses and support consumers / residents to protect and improve their health.

Work with key partners to safely re-open cultural and leisure facilities including the promotion of the city's parks, open spaces and coastal paths

Sustain a safe, healthy and productive workforce.

### Strategic Aim 4

**Provide people with the resources and support that they need to move out of the crisis, considering in particular the impact that Covid19 has had on our minority and marginalised communities.**

Work together with our partners to reduce poverty, address homelessness and support our most vulnerable people as a priority.

Assess and address the inequalities that Covid 19 has highlighted or contributed to within our communities

Identify, develop and seek to sustain any positive developments emerging during the crisis

Developing opportunities for people to access suitable and affordable housing.

Deliver a community cohesion programme that effectively responds to community tensions and creates a shared sense of identity across the city

Prevent and tackle instances of antisocial behaviour impacting upon the residents and the business community of Newport

Re-establish Community Regeneration facilities and services where it is safe to do so for staff and service users

Develop opportunities for community involvement participation and engagement.

Mae'r dudalen hon yn wag yn



# Report

## Cabinet

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### Part 1

Date: 24<sup>th</sup> June 2020

**Subject** Covid-19: Economic Impact and Recovery

**Purpose** To endorse the Covid 19: Economic Impact and Recovery Strategy which will support and facilitate Newport businesses to recover and continue operating.

**Author** Acting Head of Regeneration, Investment and Housing

**Ward** All

**Summary** The Newport Economic Growth Strategy 2015 was updated and refreshed in February 2020 and recognised that by 2020 Newport had become a more competitive city with a growing influence in high value sectors and a rapidly expanding tourism sector. The Prime Minister's announcement of lockdown on 23<sup>rd</sup> March 2020 effectively shut down large swathes of the economy and necessitated unprecedented intervention from the UK Government to mitigate the worst of the economic damage a prolonged lockdown would bring.

As we start to emerge from the pandemic we will need to identify what areas of Newport's economy will require support, where new opportunities may be found and how we can shape the 'new normal'. This recovery strategy will form an addendum to the adopted Economic Growth Strategy.

**Proposal** To adopt the Covid-19 Economic Impact and Recovery Strategy.

**Action by** Cabinet

**Timetable** Immediate

This report was prepared after consultation with:

- Acting Chief Executive
- Head of Finance (Chief Finance Officer)
- Head of Law and Regulations (Monitoring Officer)
- Head of People and Business Change
- Leader as Cabinet member

**Signed**

## Background

The Economic Growth Strategy was adopted in 2015 and outlined a 10 year vision for building Newport's Economy through:

- (1) Delivering Shared Prosperity,
- (2) Creating an Excellent Economic Environment, and
- (3) Moving Newport up the Value Chain.

In February 2020 Cabinet approved an updated and refreshed strategy which retained these aims but reflected Newport's position as a more competitive city with a growing influence in high value sectors and a rapidly expanding tourism sector.

Circumstance and events have changed dramatically since the arrival of Covid-19. The lives of citizens, and the economic outlook of businesses and employees has become significantly more uncertain. The Prime Minister's announcement of lockdown on 23rd of March effectively shut down large swathes of the economy and necessitated unprecedented intervention from the UK Government to mitigate the worst of the economic damage a prolonged lockdown would bring.

At the current time, the UK is still in the early stages of its response to the pandemic. Over time, key economic indicators will be published so we will be better able to understand the wider impact across society and the economy as well as the local picture. Heading into the pandemic, indicative data over the Jan-Mar 2020 period showed the Welsh employment rate was 73.4% and 1.1% points down on the year. Conversely the national unemployment rate was at 3.2% and 1.3% down on the year. During the lockdown period, March-May, the effect of lockdown on the wider economy has been modelled by the Office for Budget Responsibility and over the last 3 months, the UK economy is forecasted to have shrunk by -12.8% in 2020 with an unemployment rate of 7.3%. Unfortunately the reality could be more.

In an attempt to counteract economic contraction and mass unemployment brought about by the lockdown policy the UK Government introduced an unprecedented number of economic support packages for UK businesses. Official statistics show there has been significant uptake of this support with only 15.3% of businesses still trading not having accessed any of the available schemes.

In Newport, the business rates relief scheme was a key element of the immediate response to the economic crisis and the total rates relief awarded in Newport to date has been over £17m. The total grant support from all funds stands at over £26m and has been awarded to more than 2,000 Newport businesses. Whilst this is positive, it is clear that not all sectors have been affected to the same degree, not all will be able to recover at the same pace, and not all businesses have been able to access the same level of support. Whilst some sectors have started to return to work, businesses within the hospitality and leisure sector are predicted to be among the last to reopen. It is also unclear how potential changes to global supply chains will affect businesses.

What we need to do now is identify what areas of the economy will require support, where new opportunities may be found as a result of the disruption of the pandemic, and how we as the City Council can shape the 'new normal'.

The Covid-19 Economic Impact and Recovery Strategy identifies three key areas of focus in the short, medium and longer term. These are:

### Short term: **Recover**

- Support businesses to ensure maximum access and allocation of existing and emerging financial schemes.
- Provide a reactive support service which is flexible to adapt to the 'new normal' but remains aligned to local, regional and national priorities for growth and recovery.
- Focus support on start-up businesses, particularly those in identified growth sectors and the foundational economy.
- Ensure any interventions are timely, appropriate and efficient.
- Ensure there are no missed or wasted opportunities.

### Medium Term: **Reposition**

- Attract inward investment through promotion of the City as an excellent and safe place to live, work and visit.
- Accelerating of improvements to digital infrastructure in order to support increased levels of home working.
- Growing the HE and FE offer within the City in order to provide an improved skills and learning offer.

### Longer Term: **Renew**

- Repositioning Newport in a new world where we are able to rebalance the economy, the environment and society in order to provide us with greater long term resilience and improved well-being for future residents.

At the heart of this strategy is continued regeneration activity and our work & skills programmes. These are the most powerful tools we have to encourage inward investment to support indigenous business growth and reduce inequality. We will continue to work with all of our partners, including Cardiff Capital Region and the Western Gateway in order to ensure that Newport emerges in a stronger and more resilient position.

## Risks

<b>Risk</b>	<b>Impact of Risk if it occurs* (H/M/L)</b>	<b>Probability of risk occurring (H/M/L)</b>	<b>What is the Council doing or what has it done to avoid the risk or reduce its effect</b>	<b>Who is responsible for dealing with the risk?</b>
Business and Investment opportunities are missed because of a lack of guidance and skills support	H	L	The provision of an economic recovery strategy will make the recovery aspirations for Newport more relevant to current demands and allow Service areas and external providers to ensure that skills and training opportunities are planned and delivered in a timely manner.	Acting Head of RIH
The Council is not able to support existing businesses as a result of the current and any future Covid 19 outbreaks	H	L	The actions and aims forming part of the recovery strategy are considered relevant and deliverable.	Acting Head of RIH
Changes in national policy, regional commitments or local demand affect our ability to support Newport businesses	M	L	The recovery strategy is based on current corporate, national and regional policies as well as reflecting emerging economic strategies. Should there be any fundamental change in policy, direction or trends, the strategy can be updated again.	Acting Head of RIH

## **Links to Council Policies and Priorities**

The Covid-19 Economic Impact and Recovery Strategy reflects the Council's strategic policies, both for meeting education and skills needs and continued regeneration of the City Centre, as outlined in the Corporate Plan 2017-2022.

The strategy is consistent with the themes, objectives and priorities of the 'Newport City Council Well-being Plan 2018 – 2023' which are:

- people feel good about living, working, visiting and investing in Newport.
- people have skills and opportunities to find suitable work and generate sustainable economic growth.
- people and communities are friendly, confident and empowered to improve their well-being.
- Newport has healthy, safe and resilient environments.

By enabling Newport to continue being a competitive city.

## **Options Available and considered**

1. To proceed with adopting the Covid-19 Economic Impact and Recovery Strategy as an addendum to the Economic Growth Strategy (as updated in February 2020) to ensure that we continue to support Newport's economy and identify where new opportunities may be found in order to shape the 'new normal' and continue to capitalise on opportunities for growth and investment until 2025.
2. To not adopt the Covid-19 Economic Impact and Recovery Strategy as an addendum to the Economic Growth Strategy (as updated in February 2020) and continue to implement the current Economic Growth Strategy until 2025.

## **Preferred Option and Why**

Option 1 is preferred as this will ensure that we continue to support Newport's economy and identify where new opportunities may be found in order to shape the 'new normal' and continue to capitalise on opportunities for growth and investment until 2025.

## **Comments of Chief Financial Officer**

The report explains what additional and strengthened focus will be given in order to support and develop businesses in and around Newport. No financial impacts are identified, as expected, given that detailed plans are not yet in place and the uncertainty, in this early period, of what funding and associated initiatives from both UK and Welsh Governments might be available.

This addendum strategy, like the 2020 updated core, will need to be funded from existing resources and any additional funding identified and agreed through the Councils normal budget procedures.

## **Comments of Monitoring Officer**

There are no specific legal issues arising from the Report or the proposed Economic Impact and Recovery Strategy. The Economic Growth Strategy provides a policy framework for the delivery of future economic growth in Newport and ensures that development priorities are aligned to the corporate objectives set out in the Corporate Plan and Well-Being Plan and that there is a transparent process for monitoring and evaluating outcomes. The original Strategy was updated and revised by Cabinet in February to reflect changes that had taken place since 2015, when the Strategy was first adopted. This



Impact and Recovery Strategy does not change any of the existing objectives and outcomes set out in the updated Policy Framework document and, therefore, does not require approval by full Council. It simply sets out particular economic regeneration measures that will need to be taken by the Council in the short, medium and longer term to respond to the impact of COVID-19 and relates these measures to the economic growth objectives set out in the existing Economic Growth Strategy.

## **Comments of Head of People and Business Change**

The proposed Covid-19 Impact and Recovery Strategy sets out a range of economic regeneration measures based on the existing Economic Growth Strategy as a response to the health emergency and predicted recession. The strategy sets out a short, medium and longer term approach based on the Council's most effective economic and labour market interventions. These measures also correspond with the Council's agreed Well-being Objectives:

- To improve skills, educational outcomes and employment opportunities.
- To promote economic growth and regeneration whilst protecting the environment.

This strategy includes a detailed analysis of the economic impact, forecasts, emerging trends and outlines longer-term economic opportunities, skills development requirements and growth sectors, and reflects principles of sustainable development as set out in the Wellbeing of Future Generations Act 2015. This strategy should be considered alongside other key Covid-19 related documents including the Strategic Aims and forthcoming Community Impact Assessment.

## **Comments of Cabinet Member**

The Leader as Cabinet Member for Investment and the Economy has approved the report for consideration by Cabinet.

## **Local issues**

None

## **Scrutiny Committees**

Under the Council's Constitution, powers have been delegated to Heads of Service and since the Covid 19 outbreak governance arrangements including the Council's Scrutiny Committees have been suspended. However, as the Council re-instates its democratic and governance functions, it is intended that the Council's Scrutiny Committees will be provided an opportunity to assess and review the contents of this report.

## **Equalities Impact Assessment and the Equalities Act 2010**

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users.

The decision recommended in this report will require officers with delegated responsibility to manage the delivery of the agreed aims and actions.

## **Children and Families (Wales) Measure**

N/A.

## Wellbeing of Future Generations (Wales) Act 2015

The proposals above are in line with the Well-being of Future Generations Act in that they seek to prevent further contraction in the economy in the short term where this could be averted but with a view to bringing benefits to the economy in the longer term through skills development and inward investment in potential growth sectors.

Newport's economic response to the pandemic will rely on partners collaborating to find the most innovative solutions and businesses will need to be involved in decisions that affect them through vehicles like the Newport BID, Newport Economic Network and the Destination Management Group. The response is in line with the Council's Well-being Objectives:

- To improve skills, educational outcomes and employment opportunities.
- To promote economic growth and regeneration while protecting the environment.

The recovery plan also integrates with interventions in Newport's Well-being Plan which can respond flexibly to changing circumstances. The strategy accords well with the five ways of working as set forth in the Wellbeing of Future Generations Act:

## Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

## Consultation

None.

## Background Papers

Economic Growth Strategy adopted 2015 and refreshed in February 2020.



Economic Growth  
Strategy\_Final versic



EGS UPDATE 2020  
-Final draft.pdf

Covid-19: Economic Impact and Recovery Strategy June 2020



EGS Recovery Paper  
Final 2.2.docx

Dated: 16 June 2020

## **Recover, Reposition, Renew: Economic Growth Strategy Recovery**

### **Short Term - Recover**

#### **1. Support Newport Businesses**

- Maximise take up of existing and emerging schemes,
- Ensure business support is sufficiently agile to respond to those who need it most need it but remains aligned to local, regional and national priorities for growth and recovery
- Focus on start-ups, particularly those in identified growth sectors and the foundational economy

#### **2. Leading the City through Recovery**

- The local authority must continue to show leadership to all communities including businesses, and ensure that interventions are timely, appropriate and efficient.
- Ensure critical opportunities to rebuild the economy are not missed and resources are not duplicated and wasted given the scale and unprecedented nature of this challenge

### **Medium Term - Reposition**

#### **3. Securing Inward Investment**

- The only current certainty is that the world has changed fundamentally, and Newport will need strengthen and flex its core offer to ensure it is well-positioned for a new world.
- Opportunities around promoting the city as a Covid-secure place to visit, with a very competitive quality of life offering must be fully exploited.
- The city must maximise and exploit opportunities for public investment through the Welsh Government regional development framework and Transforming Towns programme, alongside any UK Government-led investment opportunities.

#### **4. Preparing for Infrastructure Development**

- Being ready for a world where new concepts such as social distancing align with the acceleration of digital networks. Recognising the move away from traditional work base and commuting requirements of the workforce and improving the ability to accommodate and accelerate remote working as part of investment packages.

#### **5. Skills and Learning**

- Growing the FE and HE sectors in the city is a key strategic objective but the challenges for this sector are currently intense. Prioritise the delivery of new and improved educational and learning facilities and support both universities and Coleg Gwent to align their offer to the 'new normal'.

### **Long Term - Renew**

#### **6. Economic Resilience**

- **Unique opportunity – the indiscriminate and sudden impact of Covid-19 brings the realness of other challenges into focus, including climate change, balancing growth with resilience, changing demographics and inequities of both health and wealth. Whilst co-ordinating the immediate recovery of the local economy, and seeking to reposition Newport for the new world, the opportunity to reflect on the relationship between the economy, the environment and society must not be lost. A better balance between these three domains will equal greater long-term resilience for the local economy and the future well-being of citizens of the city.**

## **Introduction**

Circumstance and events have changed dramatically since the arrival of Covid-19. The lives of citizens, and the economic outlook of businesses and employees has become significantly more uncertain. The Prime Minister's announcement of lockdown on 23<sup>rd</sup> of March effectively shut down large swathes of the economy and necessitated unprecedented intervention from the UK and Welsh governments to mitigate the worst of the economic damage a prolonged lockdown would bring. This Covid-19: Economic Impact and Recovery Paper will look to inform further on the effect of the pandemic, and how a recovery strategy can complement Newport's existing Economic Growth Strategy.

## **The Economic Picture before lockdown**

At the current time, the UK is still in the early stages of its response to the pandemic. Over time, key economic indicators will be published so we will be better able to understand the wider impact across society and the economy as well as the local picture.

Heading into the pandemic, Indicative data over the Jan-Mar 2020 period showed the Welsh employment rate was 73.4% and 1.1% points down on the year<sup>1</sup>. Conversely the national unemployment rate was at 3.2% and 1.3% down on the year.

## **Lockdown Period: March-May**

The effect of lockdown on the wider economy has been modelled by the Office for Budget Responsibility. The scenario of a 3 month lockdown has seen the UK economy forecasted to shrink by -12.8% in 2020 with an unemployment rate of 7.3%.

To counteract economic contraction and mass unemployment brought about by the lockdown policy the UK government introduced an unprecedented number of economic support packages to UK business.

Official statistics (Table 1) make clear there has been significant uptake of Government support with only 15.3% of businesses still trading not having accessed any of the available schemes.

The most significant has been the Coronavirus Job Retention Scheme with 75.9% uptake by businesses accessing the scheme to some degree. The very high use of the scheme reflects reduced demand across most of the economy for workers while economic activity was halted. This policy has made it possible for business operations to be paused or downscaled

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<sup>1</sup> Source: Welsh Government Analysis of Labour Force Survey <https://gov.wales/key-economic-statistics-may-2020>

without mass redundancies, retaining much of the workforce in place in readiness for recovery.

Table 1: Source: Office for National Statistics – Business Impacts of Coronavirus Survey (Coronavirus and the latest indicators for the UK economy and society: 14 May 2020)

Government Support	All businesses not permanently ceasing to trade
Business has not applied for any support	15.3%
Devolved governments business grants or loan schemes	2.9%
Accredited Finance agreements	11.6%
HMRC Time to Pay scheme	22%
Deferring VAT payments	59.2%
Business Rates holiday	29.1%
Coronavirus Job Retention scheme	75.9%

Additional financial packages are intended to assist with cash flow for businesses to adapt during a period of reduced demand in many sectors however there is an urgent need to navigate a way out of lockdown to prevent further long term economic and societal pressures. Chart 1 below illustrates the effect on businesses that have continued to trade throughout lockdown in each nation with over 60% of businesses having turnover decreased and over a quarter of businesses suffering a turnover loss of more than 50%.

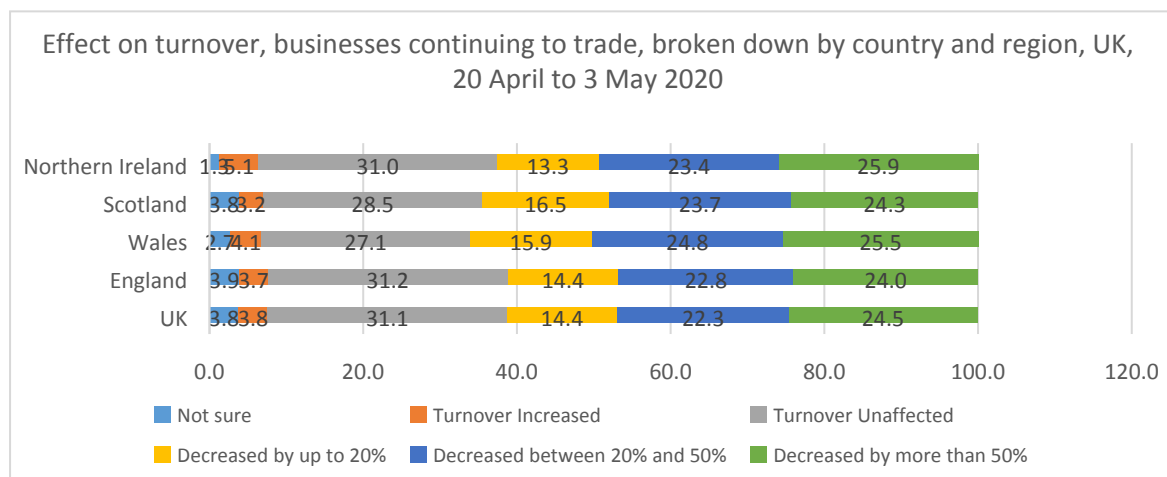


Chart 1: Source Office for National Statistics – Coronavirus and the economic impacts on the UK

Conversely for businesses still trading, the workforce has largely (71.4%<sup>2</sup>) continued to work as normal although average hours have dropped for many workers. Recent figures show 21.8% of businesses workforce have been placed on furlough however this fluctuates significantly between industries; ranging from 96%<sup>3</sup> of accommodation and food service businesses applying to the scheme but only 45% of Human Health and Social Care organisations. Therefore, for a rapid resumption of economic activity, it will be necessary to

<sup>2</sup>Source: Office for National Statistics – Coronavirus and the economic impacts on the UK Effect on workforce, businesses continuing to trade, UK, 20 April to 3 May 2020

<sup>3</sup> Government schemes being applied for, surveyed businesses who have not permanently stopped trading, broken down by industry, UK, 20 April to 3 May 2020

explore options for raising the number of workers able to return to work in a secure environment in a way that responds to the bespoke needs of individual sectors.

## The Regional Picture – How is Newport doing?

The 2019 Business Count for Wales shows a total of 106,015<sup>4</sup> active enterprises. Data published to May 2020 shows the national take up of Business Rates relief to be 50,700 (Table 2) or 47.8% of Welsh businesses.

Table 2 <https://gov.wales/summary-data-about-coronavirus-covid-19-and-response-it-18-may-2020>

Welsh Government Support	Number Awarded/Applied	Amount
Business Rates Relief	50,700	£622,000,000
Development Bank of Wales Loans	1,351	£87,200,000
Economic Resilience Fund - Micro Businesses	6893	£67,000,000
Economic Resilience Fund - SME's	2,578	£143,000,000

Business rates relief was a key element of the immediate response to the economic crisis. Newport City Council has received praise for the swiftness and efficiency with which it has rolled out this support, with a total rates relief awarded in Newport to date has been over £17m. In addition to the suspension of business rates, the Council has awarded grant support totalling a further £26m to more than 2,000 Newport businesses.

The majority of Newport's businesses fall into the 'micro' category (4,460). Before the pandemic, there was a significant focus on these being a growth driver for the local economy due to the city's excellent start-up rates; with a particular focus on responding to demand for flexible working space capable of accommodating new digital companies.

Across Wales, ERF funding to micro-businesses has been the most widely applied for, which reflects both its flexibility but also the fact that many businesses in this bracket did not qualify for support via local authority rates teams. The application process is now paused but Business Wales estimate around 220 Newport micro-businesses were successful in accessing the funding.

Data for Wales 21,130 SME's shows around 12% of this size bracket also accessed this funding, however only around 6% of Newport's 1135 SME's accessing this funding before the application process was paused. Whilst this suggests take-up was lower for Newport businesses, the speed and efficiency at which rates relief and grants were rolled out would have meant many were ineligible for this funding. In addition, a criticism of the ERF scheme is that it has not been open to businesses that are not VAT registered, leaving many of Newport's large number of start-ups and micro-businesses unable to access the funding. However, in recognition of the need to assist a greater range of businesses, Welsh Government have launched Phase 2 of the Economic Resilience Fund. Applications for this funding closes at the end of June.

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<sup>4</sup> Inter Departmental Business Register (ONS)  
<https://www.nomisweb.co.uk/reports/lmp/la/1946157404/report.aspx?town=newport>

## Signs of Recovery

Survey of public views on Covid-19 19 <sup>th</sup> March-18 <sup>th</sup> May 2020		19 <sup>th</sup> -21 <sup>st</sup> March	15 <sup>th</sup> -18 <sup>th</sup> May
Threat posed to your job or business	Very high or high	54%	48%
Coronavirus will have financial impact on self and family	Strongly or somewhat agree	75%	63%
Concerned will be able to pay bills one month from now	Extremely or very concerned	-	21%
Welsh Government doing good job to contain spread of virus	Very good or good job	-	73%
NHS doing good job to contain spread of virus	Very good or good job	76%	81%

Tentatively, the public has become more confident about job security as the national response to the pandemic has progressed. Surveys of adults aged 16-74 between March 19<sup>th</sup> and 18<sup>th</sup> May have shown a 6%<sup>5</sup> reduction in those who fear they may lose their job or business, and a 12% reduction in the number of people who feel Coronavirus will have a financial impact on themselves or their family.

The public are also slightly more confident in measures taken to contain the spread of Covid-19, with 81% of respondents now feeling the NHS is doing a good job to contain the virus; an improvement of only 5% over the 9-week period.

A change in attitudes and the production of the Welsh Government recovery plan 'Unlocking Our Society,' will enable a gradual resumption of national economic activity across many sectors within Wales. What is clear is that not all sectors will be able to move at the same pace, with hospitality and leisure predicted to be among the last sectors to reopen. We are still uncertain how shifts in working practices will impact on major developments and the potential change to global supply chains as businesses and countries seek to limit their exposure to future shocks.

It is within this context that an economic recovery strategy for Newport will need to identify what areas of the economy will require support, where new opportunities may be found as a result of the disruption of the pandemic, and the need to shape the 'new normal'.

### Emerging Trends – Business contraction & growth

Forecasting future outlooks for sectors will be difficult at this time with many economists viewing the nature of the exit from lockdown as being key to minimising the damage that has already been done to the economy and jobs market. Nationally, 44%<sup>6</sup> of active businesses have reported their cash reserves will not last 6 months while a quarter of businesses have reported turnover has dropped by 50%.

Hopes for a 'V Shaped' recession are now receding with the Chancellor Rishi Sunak warning of 'a recession like no other'. Therefore to effectively combat the worst economic effects of this recession we should learn the lessons of the past one. Adapting to the 'new normal' will require innovation, education & training and investment in digital infrastructure. Re-

<sup>5</sup> <https://gov.wales/survey-public-views-coronavirus-covid-19-8-11-may-2020>

<sup>6</sup>

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19roundup/2020-03-26#businessimpact>

evaluating who society considers key workers has been enforced by the reality of life with Coronavirus. Currently, only 33.7%<sup>7</sup> of Newport employees meet this classification.

## Foundational Economy

As is the case across Wales, the foundational economy as a 'sector' accounts for the majority of the jobs available in Newport. A total of 42,300 roles are within the definition of the foundational which represents more than one in every two jobs. This sector provides the services necessary for people to enjoy a basic quality of life, including food, energy, housing and care. The Coronavirus pandemic has both redefined the way we think about the role these jobs play in the delivery of society's essential services, and showcased their inherent resilience in adapting to current trading challenges.

Foundation Economy – Newport Employee Jobs by Industry 2018 (NOMIS)	No.	%
Electricity, gas, steam and air conditioning supply	500	0.6%
Water supply; sewerage, waste management and remediation activities	800	1%
Construction	4500	5.5%
Wholesale and retail trade; repair of motor vehicles and motorcycles	11000	13.4%
Public administration and defence; compulsory social security	6000	7.3%
Education	4500	5.5%
Human health and social work activities	13000	15.9%
Other service activities	2000	2.4%

Wholesale retail, construction and education will have experienced the most disruption. The outlook for high street retail is uncertain. During lockdown store overheads have been a significant cost to retailers and only those who have continued to trade online have secured any sales.

If traditional retail is to survive, support for local retailers, and new ways of operating safely are required. We should look to learn from European countries who are exiting lockdown and permitting the opening of their retail businesses safely and quickly. The new normal will affect property requirements, with greater click and collect facilities and less display space likely feature in the future.

Some essential construction sites have remained operational throughout the Coronavirus pandemic and many more are now beginning to reopen with both the UK and Welsh Governments providing support and guidance on working with social distancing in place. The UK Government has shown eagerness to get the construction industry working again in face of significant contraction to support the property sector's recovery.

## Education

Education has changed dramatically with social distancing requirements; with increased digitalisation contrasted with profound disruption to normal curriculums. Nevertheless, the education sector will be one of the pacesetters of lockdown-easing, and among those able to return to something close to its previous operation.

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19roundup/2020-03-26#businessimpact>



In respect of the higher education subsector, there are concerns that HE students will be the last to resume studies with some university students expected not to return in 2020-21 and other lectures confined to digital platforms. The financial outlook for UK universities is poor as a result with the loss of income from international student fees and many more UK students considering deferring their place.

Newport's USW campus houses business and computer science courses and it is unknown how these will respond to the change in teaching practices but with the growth of online trading and learning, this should strengthen the position of the growing South Wales Cyber Cluster.

## Manufacturing & Logistics

By their nature, these industries are unable to continue to work remotely and as a result many businesses within the manufacturing sector will have furloughed employees to cope with reduced demand. Some national businesses within the sector are already making employees redundant as a result with potentially more to come following a future winding down of the government furlough scheme. Others have been able to rapidly reposition themselves in order to respond to the current demand for materials such as hospital beds, PPE and sanitiser.

<b>Manufacturing &amp; Logistical – Newport Employee Jobs by Industry 2018 (NOMIS)</b>	<b>No.</b>	<b>%</b>
Mining and quarrying	50	0.1
Manufacturing	8000	9.8
Transportation and storage	6000	7.3

Logistics have rapidly adapted in response to the pandemic however with reduced overall demand in the economy and lower consumer confidence this industry may also experience contraction in line with manufacturing and wholesale retail industries.

## Professional Services

Professional and Financial services are one of the UK's largest sectors and account for significant amount of Welsh national GVA totalling £13,231m; around 29%<sup>8</sup> of Wales economic output. Significantly, professional services will be those most able to work from home during the lockdown period and least effected by demand side effects that could cause a more significant downturn across the wider economy.

<b>Profession Services – Newport Employee Jobs by Industry 2018 (NOMIS)</b>	<b>No.</b>	<b>%</b>
Financial and insurance activities	4000	4.9
Real estate activities	1250	1.5
Administrative and support service activities	8000	7.3

<sup>8</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP/latestgva-by-area-industry>

Newport has a number of SME's within this sector with further opportunities for FinTech products to be rolled out further. The ability of these businesses to operate remotely and the pace of adaptation towards home working may reduce demand for office space but conversely, presents an opportunity for Newport with its competitive house prices and quality of life offer to promote itself in the rise in home-working.

## Innovation

Innovative industries linked to higher education and skilled graduates are vital to adapting to social distancing and wider economic recovery; though this will be via the medium of technological advancement rather than the mass creation of new jobs. Up to the lockdown period Newport was benefitting from a successful cyber and semiconductor hubs with growth in the cyber cluster and expansion of digital start-ups generating demand for office development.

<b>Innovation – Newport Employee Jobs by Industry 2018 (NOMIS)</b>	<b>No.</b>	<b>%</b>
Information and communication	2250	2.7
Professional, scientific and technical activities	5000	6.1

Digital businesses by their nature have a high turnover therefore the effect of market disruption to these businesses may not be as profound as is experienced in other sectors. Most do not require a commercial unit to operate from and this trend may again continue with greater numbers of people working from home in the future.

The semiconductor cluster represents an innovative high-tech industry with potential for further growth, as their products are found in many of the electrical devices we use.

Increased investment in medical technology companies is likely, and will intersect with other industries such as logistics and distribution. This represents a further opportunity for Newport to capitalise on wider med-tech activity in the Cardiff Capital Region which is being accelerated in part by the Covid-19 response and desire to reduce dependency on imports of vital equipment and supplies.

## Tourism & Hospitality

The economic outlook for tourism, leisure and hospitality is the most challenging across all industries. By design these require travel and social interaction and even the most positive 'V shaped' recovery forecasts predict significant impact over the short term. In an industry that operates on often-small profit margins and high turnover, operating existing models will remain challenging.

<b>Tourism, Culture &amp; Hospitality – Newport Employee Jobs by Industry 2018 (NOMIS)</b>	<b>No.</b>	<b>%</b>
Accommodation and food service activities	6000	7.3
Arts, entertainment and recreation	1250	1.5

Wales Tourism Barometer Survey between 22nd April and 1st May 2020 reported 72%<sup>9</sup> of South East Wales tourism businesses having to furlough at least some staff. On average this amounted to 15.6 people in practice accounting for most if not all of the business staff. Across all sizes of business, the median reported loss as a result of the crisis in just the period since the beginning of the outbreak was approximately 20% of normal revenue for the whole year. Around 5% of businesses had applied for the ERF microbusiness scheme and 11% had applied to the SME fund, while 23% had applied but did not meet the criteria. Three in four businesses that were eligible had applied for the business rates scheme while take up of loans has been low as many businesses feared being unable to make repayment.

South East Wales businesses will be significantly affected by continued lockdown; with 84% reporting the loss of substantial bookings in May.

The hospitality and events industry is a cornerstone to the ‘Newport Offer’ strategy, and a mechanism for promoting Newport to inward investment and visitors. In the run up to the pandemic, the industry had grown significantly with investment in hotel accommodation driven by demand generated the by International Convention Centre Wales. To avoid a ‘lost opportunity’ situation finding ways to help the sector adapt to become Covid-19 secure will be vital to continuing to promote Newport.

Over the short term, this could involve bringing food and drink services to the customer in order to promote Newport’s brands and facilitating access to outside space in order to operate adapted business models.

The city has a Destination Management Group (DMG), which comprises key businesses and organisations in the hospitality sector in Newport. This would be a way to involve tourism and hospitality businesses in the recovery plan and through which initiatives could potentially be promoted,

**Emerging Trends – Regional collaboration in response to pandemic**

Newport remains a part of greater regional and partnerships, most saliently the Cardiff Capital Region and Western Gateway. These regional partnerships seek to further economic development through shared resources and collaboration, such that success at regional level filters down to local areas.

While Newport has a growth potential second only to Cardiff in the South East Wales region, as recognised and reinforced by the strategic role and importance afforded to it in the National Development Framework, this places further responsibility on the city to drive growth on behalf of the region. Activity through the recovery period must therefore closely align with the plans of the wider Cardiff Capital Region.

Cardiff Capital Region developed its Industrial and Economic Strategy in 2019. The strategy has been reviewed to ensure it remains fit for purpose in a post-Covid world, with the conclusions of this review endorsed by the CCR Economic Growth Partnership and the Regional Cabinet on 18<sup>th</sup> May 2020. The five over-arching actions identified for CCR are as follows:

<b>1</b>	Avoid the short-term crowded immediate ‘funding’ response space to ensuring interventions compliment not duplicate existing business support packages.
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<sup>9</sup> <https://gov.wales/sites/default/files/statistics-and-research/2020-05/tourism-barometer-coronavirus-covid-19-impact-survey-wave-3-2020.pdf>

2	Maintain adherence to original strategic plan and its focus on our industries of the future BUT accelerate efforts on building clusters around med-tech, compound semi-conductors, data/ AI, infrastructure, fin-tech and energy. Balance this with an appropriate approach to building local wealth.
3	Revisit, adjust and adapt current investment programmes as necessary to ensure they are still fit for purpose;
4	Leverage other funding sources and swiftly deploy, relevant financial tools and solutions where there is a proven viable company or proposal in order to increase business resilience and facilitate growth.
5	Establish a new “Re-building Local Economies Challenge Programme”

### Emerging Trends - Infrastructure

Newport’s role as a city within the South East Wales region facilitates a net inflow of 15,300 workers (Chart 3). Its strategic location as the gateway to Wales also supports a large flow of workers and goods across the border to England, with an estimated 4,500<sup>10</sup> people commuting from Newport each day to Bristol for work. The intra-regional commuter pattern illustrates a significant exchange of workers, most significantly between Cardiff, Caerphilly and Torfaen.

Despite the technology being available for some time, it has taken an event of the magnitude of the Covid-19 lockdown to drive a step-change in home working and the associated enabling digital platforms that allow this. Up to 44%<sup>11</sup> of the UK workforce are currently working from home to some degree.

This change of behaviour has significantly reduced travel and congestion on our roads, with huge associated reductions in pollution and carbon emissions. It is unclear how this will play out long term as workers begin to return to their workplaces, however the revolutionary rise in home working is likely to continue to shape the wider economy. Emerging from this pandemic could present us with an opportunity to accelerate our decarbonisation ambitions and complement our own Carbon Management Plan.

<sup>10</sup> <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/People-and-Work/Employment/Commuting/detailedcommutingpatternsinswales-by-welshlocalauthority>

<sup>11</sup> <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/bulletins/coronavirustheukconomyandsocietyfasterindicators/14may2020>

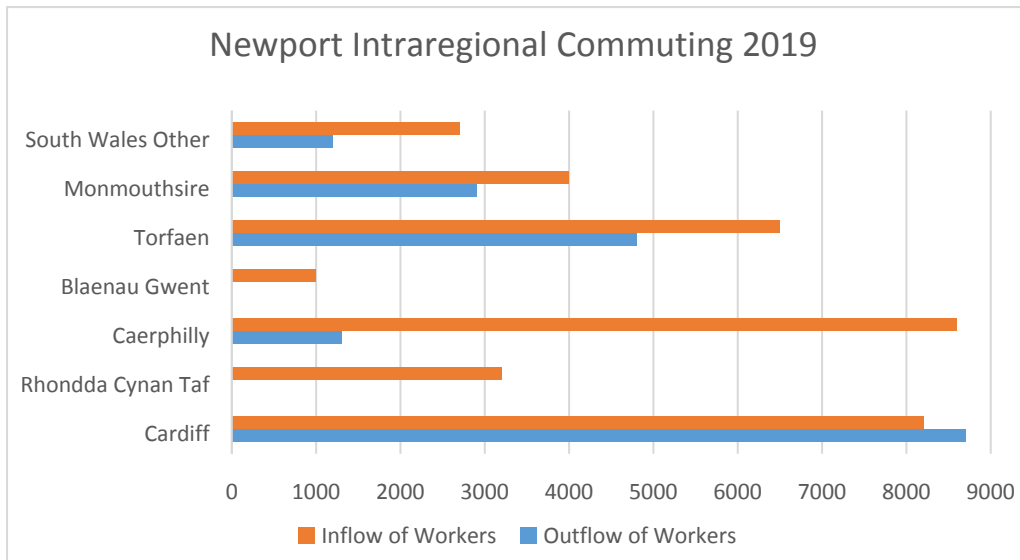


Chart 2: Source Detailed commuting patterns in Wales by Welsh local authority statsWales

As a consequence of the move to greater homeworking it is inevitable digital infrastructure will require further investment in areas including extending superfast and ultrafast internet connectivity beyond the current 96% of premises and connecting more remote areas. Revisiting earlier proposals around a 'Digital Bid' could also serve to boost digital infrastructure and coordinate increased investment.

Expansion of data warehousing facilities will also be needed to meet increased digital working. Many businesses will require considerable digital storage and bandwidth therefore considerations around expansion of data storage facilities should be considered to accommodate expected growth in the market. Newport is well placed to meet this need with proposals already being considered for a significant expansion to the Next Generation Data site at Imperial Park.

### Emerging Trends – Education & training for a changing job market

It is reasonable to expect reduced skills demand across all sectors in the short term. Over the short to medium term, demand for skills will change in response to shortages in industries that have been able to adapt quickest to the pandemic. These will need to be identified to support the development of new training pathways.

The Economic Growth Strategy adopted by NCC identifies the need to align educational curricula to future growth sectors, including ICT, life sciences, advanced manufacturing and financial and professional services. Covid-19 is unlikely to change the direction of this focus, but will intensify it given these industrial sectors are also those at the heart of the global response to the pandemic crisis. Conversely, construction and tourism were also identified as opportunities to grow job opportunities within the foundational economy, have been two of the harder hit industries.

Healthcare was not identified as a strategic growth priority, however the coronavirus pandemic has shown a constant need for these skills in society. Increased investment in healthcare can be anticipated in the future alongside policy changes that may mean greater demand for healthcare professionals.

Opportunities for apprenticeships is uncertain but the long term goal of increasing Science, Technology, Engineering and Maths (STEM) skills levels remains vital for recovery. Given the challenge facing further and higher education bodies as a result of the pandemic our

institutions will need to be supported as they transition to more digital academic platforms, and ensure that their structure and courses remain suitable for the a changing job market and increased digitalisation of work. Labour market analysis will aid targeted interventions and help adapt pathways into skilled employment in a disrupted jobs market.

Pre-coronavirus, sport and leisure were emerging pathways into employment. Lockdown measures have effectively paused demand for qualified coaches, qualified personal trainers and instructors. The full extent of how lockdown will effect growth in this area is unknown but should be explored as it offered a route into flexible skilled employment.

One of the objectives in Newport's Well-being Plan published by the Public Services Board (PSB) is that "People have skills and opportunities to find suitable work and contribute to sustainable economic growth". To this end, the PSB has a Right Skills Intervention Board with representation from across the training and education sector (including NCC, National Training Federation for Wales, Coleg Gwent, University of South Wales, Careers Wales, the Department for Work and Pensions, and Gwent Association of Voluntary Organisations). The Skills board has links with employers through the Newport Economic Network and the PSB members themselves are significant employers in their own right.

The Board could be the vehicle to co-ordinate skills support in the city as part of the economic recovery post Covid-19, linked to regional initiatives through the Cardiff Capital Region Regional Skills Partnership. It has already identified the digital and health sectors as key sectors requiring support in Newport, and applies an "Equalities" perspective to its work to address the needs of disadvantaged groups.

### **Emerging Trends – Investment & innovation**

Future inward investment is uncertain. Prior to Covid-19, attracting greater foreign investment from high net worth individuals and institutions was recognised as an opportunity to move Newport up the value chain, however some economic analyses are now predicting a contraction in extra-territorial investment globally, as individual countries concentrate on their own recoveries. The pace at which countries exit lockdown will further affect the availability and risk appetite of investors. However there could be an opportunity for the Council to consider using development funding and strategic acquisitions in order to put in place and stimulate a number of key investment opportunities.

As in any crisis response, public funding will be critical to kick-start the economy in the wake of Covid-19, and the Council has welcomed the Welsh Government's proposals to develop a Regional Investment Framework in order to ensure their future investments deliver the greatest strategic impact. The Council has requested greater clarity around the mechanics of the framework, and relationships with the existing regional fora detailed above. The framework will also need to address the challenges posed by the as-yet unknown landscape of risk around the EU Exit and Shared Prosperity Fund if it is to be a success.

### **The Newport Offer post Covid-19**

Whilst promoting the strengths of the local workforce, the advantageous location and growing cyber cluster will remain a key message within the Newport Offer. We will tailor our approach to inward investment and visitors in order to build business confidence within the city.

Once travel restrictions lift within Wales, efforts to harness our green environment and natural assets will redouble, as a first step in bringing the tourism and hospitality sector back. This would also complement the Green and Safe Spaces intervention in Newport's Well-

being Plan, through which partners are working together to promote access to green space for health, play and recreation. With increased home working, and ongoing disruption to international travel, the opportunity to travel to Newport safely for visits, holidays and outdoor recreation must be fully exploited.

Newport's key attractions range from historical assets such as the Transporter Bridge, Caerleon, the Roman fortress and Tredgar House, to nature experiences such as the RSPB National Nature Reserve and the Newport Wetlands, complemented by a genuinely global brand and catchment through the Celtic Manor Resort. Each location has the potential to operate to some degree an open-air environment with reduced risk of viral transmission. Developing new Covid-19 safe business models will allow visitors to return to Newport. This should be explored as an angle for the Newport Offer to promote Newport as Covid-19 secure place for both business and leisure.

Newport remains positioned as strong contender to capitalise on demand for office space from companies looking to relocate to more economic locations. Capturing the interest of these occupiers is likely to rest on the ability to bring forward further Grade A office space in conjunction with a strong narrative around the outstanding quality of life and housing affordability offer. The potential workforce within an hour of Newport has been a key consideration for previous inward investors in the past, such as the Office for National Statistics.

The recognition of Newport within the draft National Development Framework as a focus for regional growth and investment with a strategic role for the wider region will also act to attract highly skilled employment opportunities across sectors. Despite the pandemic, the South Wales Metro remains a strategically important project for the long term that will see Newport benefit with improved connections between communities and worksites. Supporting sustainable travel at a local level and through the Well-being Plan, PSB partners are focused on increasing options for efficient, safe and accessible transport across the city with overall low impact on the environment.

## **Conclusion – Adapting to the new normal**

The Coronavirus pandemic has brought about a shift across the economy with unprecedented effects on society and jobs in just three short months. To respond, society will have to find new ways of working and a 'new normal'. We must look to support businesses as they exit lockdown in the most effective and safest way. This will need to be followed up with identifying the long term impacts on job opportunities, and skills demands and adapting our strategy to how best we can continue to drive economic growth during and after the pandemic. Regional partnerships, regeneration schemes and work & skills programmes are the most powerful tools we have to encourage inward investment, support indigenous business growth, and reduce inequality during and after the pandemic.

## **Well-being of Future Generations Act**

The proposals above are in line with the Well-being of Future Generations Act in that they seek to prevent further contraction in the economy in the short term where this could be averted but with a view to bringing benefits to the economy in the longer term through skills development and inward investment in potential growth sectors.

Newport's economic response to the pandemic will rely on partners collaborating to find the most innovative solutions and businesses will need to be involved in decisions that affect

them through vehicles like the Newport BID, Newport Economic Network and the Destination Management Group.

The response is in line with the Council's Well-being Objectives:

- To improve skills, educational outcomes and employment opportunities.
- To promote economic growth and regeneration while protecting the environment.

The recovery plan also integrates with interventions in Newport's Well-being Plan which can respond flexibly to changing circumstances.



## Appendix 1

Table 3 Government schemes being applied for, surveyed businesses who have not permanently stopped trading, broken down by industry, UK, 20 April to 3 May 2020

Industry	Coronavirus Job Retention Scheme	Business rates holiday	Deferring VAT payments	HMRC Time To Pay scheme	Accredited finance agreements	Devolved government funded - small business grants or loan schemes	The business has not applied for any of these initiatives
Water supply, sewerage, waste management and remediation activities	67.1%	11.4%	55.7%	18.6%	5.7%	2.9%	20.0%
Construction	89.4%	16.0%	55.3%	29.1%	9.9%	3.5%	7.1%
Wholesale and retail trade; repair of motor vehicles and motorcycles	78.5%	43.9%	60.7%	22.5%	8.6%	4.3%	10.6%
Education	58.3%	7.7%	26.6%	8.0%	4.5%	*	35.6%
Human health and social work activities	45.0%	15.5%	20.2%	7.8%	1.6%	3.1%	47.3%
Manufacturing	72.5%	13.5%	46.1%	18.2%	9.5%	2.0%	19.8%
Transportation and storage	82.1%	20.6%	58.8%	23.3%	12.0%	2.0%	11.3%
Real estate activities	72.9%	50.0%	68.6%	22.9%	11.4%	5.7%	18.6%
Administrative and support service activities	84.6%	23.7%	67.9%	22.3%	13.8%	3.4%	9.1%
Information and communication	48.0%	9.5%	51.0%	14.1%	4.5%	*	31.4%
Professional, scientific and technical activities	73.2%	12.5%	67.9%	17.3%	11.1%	1.8%	16.3%
Accommodation and food service activities	95.0%	82.2%	86.2%	41.5%	21.0%	4.9%	1.3%
Arts, entertainment and recreation	86.2%	59.6%	64.0%	30.2%	17.5%	4.4%	6.2%
All industries	76.3%	28.7%	58.9%	21.9%	10.9%	2.9%	15.1%

Mae'r dudalen hon yn wag yn

# Report

## Cabinet

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### Part 1

Date: 24<sup>th</sup> June 2020

### Subject **Financial Management and Costs – Covid-19**

**Purpose** To outline to Cabinet the key issues and risks to the Council finances resulting from the Covid-19 situation, the estimated additional costs and funding for the Councils response to this situation and progress in administering financial support given to local businesses and taxpayers during the Covid-19 lockdown period.

**Author** Head of Finance

**Ward** All

**Summary** In line with the challenges that Covid-19 has caused, the response and resulting financial cost has been equally unprecedented. The City Council has responded very well to the particular needs of its communities, businesses and its more vulnerable households/individuals and this report explains progress in supporting these and their associated costs.

Particular financial challenges will be faced this year and without further support for costs and lost income from WG, the Council is facing a significant financial challenge from lost income and increased unavoidable costs. In that context, the Councils strong financial position through its reserves and revenue budget contingency exists for the more immediate challenges the Council would face, though there will be impacts on priorities and/or increased future costs to bear if reserves are used. These mitigations will only be available for this purpose if services manage within their core budgets in other respects. This is therefore a priority.

The position is very dynamic and therefore there is on-going uncertainty in how things will eventually roll out and what funding support that WG will give Local Government. The finance team are working with service colleagues to finalise a full budget monitor forecast. This follows specific forecasts for key Covid-19 costs already undertaken. Cash-flow is closely monitored and planned / forecasted.

**Proposal** That Cabinet:

- **Notes and comments, as necessary, on the financial support administered and delivered to local businesses, organisations and households**
- **Notes the Councils costs in the delivery of specific Covid-19 service support in the first quarter of the year, and in particular, that funding support for these costs is currently planned to cease at the end of June with exception of free school meal provision which will continue until end of August.**

- **Notes, and comments as necessary, on the key areas of financial risks and challenges the Council will face this year as a result of the current situation and the uncertainty that surrounds much of this given the very dynamic nature of the situation.**
- **To note, agree and instruct the importance that all services operate within their core budget for 'non Covid-19 response activities' in this coming year as best they can, given the additional challenges created by Covid-19.**

### **Action by**

- HoF and Heads of Service – provide robust, regular budget forecasts taking account of latest developments and on-going trends in income and expenditure.
- HoS – robust financial management within their service areas and ensure specific Covid-19 costs are eligible for reimbursement, wherever possible.

### **Timetable** Immediate

This report was prepared after consultation with:

- Director of Place
- Leader of Council
- Heads of Service

### **Signed**

## Background

1. The arrival of Covid-19 in the UK has had a very significant impact on individual's lives and also on businesses and other organisations in the UK. The Government response, both at UK, Welsh and City levels has been unprecedented. The resulting financial impacts are challenging on many levels.
2. This report provides an outline for the Cabinet on:
  - The financial support to businesses/organisations and households which the Council is implementing.
  - Estimated costs of the Council's response to the Covid-19 lockdown
  - The financial management issues and potential risks which the current situation has on the Council's finances
3. Across Wales, the financial cost of the support being given is very significant. The key headlines were included on the Welsh Governments Supplementary Budget on the 27<sup>th</sup> May. Key headlines and context include:
  - The Welsh Government's fiscal response in supporting the Welsh economy and public services amounts to well over £2.4 billion; funded from c£1.9 billion consequential from UK Government COVID-19 response funding; c£250m of repurposed EU funding and a further c£250 million of reprioritised funding from its own budget
  - This has been allocated:
    - (i) In the Economy and Transport portfolio - £1.3 billion, mainly for business support through the Economic Resilience Fund.
    - (ii) for Non Domestic Rate relief - £332m
    - (iii) In the Health and Social Services portfolio - £595m, including the opening of field hospitals at £166m plus personal protective equipment at £100m.
    - (iv) In support of Council budgets - £189m, including £40m for adult social care pressures, £40m for free school meal provision, and £78m to account for lost income during the crisis.

It is highly likely that further consequential from the UK Government budget responses and further WG funding will be confirmed over the next few weeks and months. With a dynamic situation like Covid-19, the fiscal response is equally dynamic.

The Head of Finance keeps in close touch with this position and ensures the Corporate Management Team and Leader of the Council as lead member for finance are kept up to date as best as possible.

### **Financial support to Business/organisations and households**

4. Within Wales, by far the biggest fiscal stimulus to this situation has been in the support given to businesses/organisations. Local Government has been at the forefront of this and has been extremely successful in ensuring financial support was distributed as fast as possible. This has two main strands

#### **Rates relief**

An enhanced rate relief scheme providing 100% relief towards non-domestic rates bills for retail, leisure and hospitality properties with a rateable value of up to £500,000. This was administered by the Council and funded from WG.

In Newport, the Council's revenues team administered nearly £19m of rates relief, effectively cancelling rates bills for the 2020/21 financial year for nearly 1,000 businesses. This was achieved before first instalments payments were due in mid-April thus benefitting cash-flow for these business in a critical period for them.

The cap of £500,000 has caused some problems within the Newport area. In particular, Debenhams store within the Friar's Walk shopping and retail centre were just above the cap but were awaiting a review of their rateable value and therefore the Council has deferred payment of this until that is resolved. This has a cash-flow cost to the Council but given the significance of this store to the city centre and the pending outcome of their business rates valuation appeal, the Council agreed to defer payments.

### **Business Grants**

A grant scheme for businesses who pay business rates. This scheme paid (i) a one-off £10k grant for all businesses with rateable values below £12,000 who were also in receipt of the small business rates relief and (ii) a one-off £25k grant for businesses in the retail, leisure and hospitality sector with rateable values of between £12,001 and £51,000. This was administered by the Council and funded from WG.

This was administered by the revenues team and they had to set up an application and payment process which was achieved within a few short days. The Council has, at time of writing, paid over £28m of grants to 2,300 eligible businesses within Newport. The scheme stops at the end of June and we predict payment of around £30m at that point.

In order to pay grants as quickly as possible at the end of March, when the scheme started, the Council undertook some short term borrowing to facilitate this pending receipt of WG funds in early April. By doing this, the revenues team were able to pay out nearly £10m of grants by the end of March and £16m by the end of the first week of April. This provided much needed certainty to businesses.

Through this period, we have run specific media campaigns to advertise the scheme and the Councils business support team has also ensured business groups are aware of the scheme. A 'mailshot' was sent to all potentially eligible businesses who had not made an application at the beginning of June advising that the scheme would be closing end of June and this has resulted in further interest and applications. We are also now actively getting in touch with businesses, where we have details, either by phone or e-mail.

5. Local Government in general and Newport City Council specifically have demonstrated the importance of 'being local' in regard to these grant and relief schemes. Local knowledge of the business community has been an essential ingredient in facilitating fast payments of these support packages.
6. In addition to these specific schemes, the WG have provided micro and small business loans through the 'economic resilience fund' as well as other loans for larger businesses. The national 'furlough scheme' and 'self-employed' schemes are available nationally through HMRC. An update on these and take-up locally is shown within the 'Covid-19 economic impact and recovery' report elsewhere on this Cabinet agenda.

### **Households**

7. The Council's revenue team also collects Council Tax and have focussed primarily on the business support packages outlined above. There have been a significant number of households who have contacted the Council and asked for revised payment instalments, with instalment payments of Council Tax starting in June or July to assist them through the current, most difficult phase of this situation. These have been facilitated.

In the first two months of the financial year, the Council had collected about £2m less Council Tax cash income compared to this time last year, of which nearly £900k related to the current year 2020/21 bills. Whilst there is a cash-flow cost to this, it has been important to support households where they have contacted the Council to seek short term relief from Council Tax costs. This lower collection of Council Tax should reduce as regular payments now begin and the revenues team move their focus into collecting Council Tax income due.

The Council's customer services team have been administering Council Tax Reduction Scheme and over 1,000 applications have been reviewed and processed over the three month period March – May.

### **Estimated costs of the Council's response to the Covid-19 lockdown**

8. The Council, alongside all others, are providing direct support to its community / residents in a number of ways. All service areas are involved to a lesser or greater extent. As noted in paragraph 3 above, Local Government is being financially supported to deal with the impact of Covid-19 on specific groups:

- Supporting those who are homeless with temporary accommodation and other support
- Supporting social care and providers who are incurring significant additional costs
- Free school meals provision for eligible students whilst schools are shut
- Other Covid-19 support costs

and in addition, the impact on Councils finances from:

- Reduced external income from activities such as car parking, planning fees etc

9. The HoF established specific accounting and coding arrangements to identify Covid-19 specific costs very early on in this situation and that was communicated to all services, alongside the WG 'terms' / 'rules' around eligible payments that could be reimbursed. Finance staff are also actively engaged with HoS and managers to understand the specific arrangements put in place in the above areas to ensure costs are being captured. Any Covid-19 costs which are not identified and coded correctly is likely not to get claimed and will need to be funded by the normal service budgets. Costs claimed to date and forecast to end of June for support to specific groups are shown below.

Specific Hardship Fund	April Claim (March costs)	May Claim (April costs)	June Claim (May costs)	Balance to claim (June costs)	Total
	£	£	£	£	£
General	£ 6,702	£ 237,520	£ 563,927	£ 1,135,669	£ 1,943,817
Homelessness	£ -	£ 15,414	£ 91,216	£ 881,370	£ 988,000
Excess Deaths	£ -	£ 14,444	£ 82,102	£ 27,454	£ 124,000
Free School Meals	£ -	£ -	£ 729,874	£ 720,239	£ 1,450,113
Adult Social Services	£ -	£ -	£ 574,385	£ 925,615	£ 1,500,000
Library	£ -	£ -	£ 302		£ 302
<b>Total Claim</b>	<b>£ 6,702</b>	<b>£ 267,378</b>	<b>£ 2,041,806</b>	<b>£ 3,690,346</b>	<b>£ 6,006,232</b>

Behind these figures lies the extensive support the Council is providing. These include, for example:

- (i) Funding has been allocated to care homes in Newport for additional costs associated with the purchase of PPE, staffing costs, the provision of IT to enable residents to stay in contact with their relatives and to assist with the loss of income created by lower than usual rates of occupancy.
  - April - 17 homes for older people received a total of £436,984
  - May - 16 homes for older people received a total of £461,176
- (ii) In response to the Covid-19 pandemic, officers from the Council's Housing Needs Unit and Supporting People Team have worked closely to provide the following services:
  - 232 households have been offered emergency/ temporary accommodation
  - 136 of these deemed vulnerable due to Covid19
  - 75 rough sleepers have been offered emergency accommodation
  - Various temporary accommodation provision has increased by c.120 units - Bed & Breakfast, Guest House, hotel and Air B&B owners, private landlords and the leasing of 15 modular housing units with a security/welfare unit on site.
  - In addition three meals per day have been provided.
  - Service users have access to substance misuse and mental health services
  - Officers from the Supporting People Team have undertaken individual profiles to identify and support needs and three two-person floating support teams are funded to address 75 individual rough sleeper's support needs.
- (iii) Families are receiving 'Free School Meals' vouchers to buy appropriate provisions, in lieu of actual meals that eligible children would have received at school. Vouchers have a monetary value to buy appropriate provisions from selected supermarkets:
  - To date, 22,061 vouchers have been issued to families.
  - Forecast for voucher numbers to end of August, when the current scheme ends, is for a further 46,250

10. Actual costs will be higher as free school meals provision will continue to the end of August. All other financial support packages are due to finish at the end of June, though it is anticipated but not yet confirmed, that any unspent funds will be carried forward. Clearly, this arrangement has some risk attached to it given that the impacts here may well continue beyond June and there are



many uncertainties and possible scenarios to the current situation in going forward. This is therefore subject to on-going review with the WG and again, is very dynamic. Local Government has established excellent communications and co-ordination with WG, both at officer and political levels and this allows for good dialogue around all issues in relation to Covid-19. The HoF will update Cabinet verbally in the meeting to any significant changes to the current scheme and timescales noted here.

### **The financial management issues and potential risks to Council finances**

11. The financial impacts and risks associated with the Covid-19 situation are very significant and these come mainly from the uncertainties and different scenarios to the current situation that may evolve.
12. The HoF prepared and distributed a 'financial management issues and arrangement' guide early on in this period and this set out:
  1. the different funding packages that were known and evolving at that time
  2. key issues for service areas to be mindful of in terms of financial management, including the importance of avoiding non reclaimable costs where possible and setting out the key budget risk areas
  3. national public sector guidance on key issues such as the 'furlough scheme' and 'supplier payments' where services ceased/reduced

In terms of the last issue above, the national guidance stipulated:

- (i) Where contracts temporarily reduced or ceased; that Councils should continue to pay for services, with appropriate adjustments for costs saved by our service providers. For example, the Council has continued to pay bus companies, at 75% of normal rates, for 'home to school transport contracts' even though services stopped as schools closed. This policy ensures that key suppliers are supported and can continue when normal services resume in due course.
- (ii) In terms of the furlough scheme, advice was that it did not apply to the public sector as re-deployment would likely be in place but could be considered where a service was supported by substantial external income e.g. leisure services. The Council's corporate management team reviewed a detailed analysis of these income dependant areas and workload issues. Given that leisure services and school catering are provided by external suppliers at Newport and re-deployment was in place in other areas, not many areas were affected and only a very small number of staff were furloughed with the Council topping up pay/pension to 100%. The Council worked with its leisure and school catering providers to enable them to furlough and stop services as necessary, thus helping them achieve financial sustainability and reduce potential costs to the Council in sustaining them.

These arrangements have been implemented as required with the resulting impact that the Council, alongside other public sector bodies, have not been able to cut costs substantially in areas affected e.g. school closures, public buildings / associated services closed. In the main, staff affected have been re-deployed to cover for colleagues who were recovering from Covid-19 itself or shielding. This issue was a key consideration in assessing and managing the Council's financial issues and risks.

13. In terms of the first and second issues above, the Council is incurring substantial costs in supporting vulnerable households and individuals in the community during this period. Whilst financial support was in some cases earmarked for specific groups e.g. homelessness, the WG set up a general fund to support Local Government which reimbursed costs which were (i)

specifically related to relief of hardship resulting from Covid-19 and (ii) new, additional costs to the Council. In this context, services were advised to ensure that any additional costs incurred could be reimbursed per the WG terms around this, and thus would not create a financial pressure on their core budgets.

14. Given the above, the key, residual financial risks left for the Council, include:

(i) Loss of fees and charges income e.g. planning fees, car parking charges

We have done an initial estimate for the loss of income in the first quarter and this was c£900k excluding Council Tax income. Across Wales, the total of lost income was over £90m in the first quarter. This exercise is currently being extended to include the second quarter as income will not recover immediately and Newport first budget monitoring forecast will of course include the full year impact.

Welsh Government have allocated £78m for Local Government loss of income and whilst welcome, will likely be insufficient. At time of writing, the allocation methodology for this across the 22 Councils had not been agreed and therefore the impact on Newport will only be known when this is completed. It will be incorporated into our first full forecast when known but it seems likely at this time that loss of income will be a significant issue and challenge unless further financial support is confirmed. This is an area of on-going discussion with WG officials at this time.

(ii) Council Tax income loss

As noted above, collection of Council Tax is significantly reduced and whilst we can expect this to improve as delayed payment instalments begin, there will likely be on-going challenges in this area as the economic impact of this situation continues. In addition, our Council Tax income target includes some income from anticipated growth in our tax base i.e. new homes, and clearly, this may also be affected.

As Council Tax funds some 27% of the Councils net cost, it is important. In addition, Cabinet will be aware that better than budgeted Council Tax income has been needed to balance out service area overspending over the last 2-3 years and this mitigation will not be there or at least reduced this year. It is therefore more important than ever that service areas maintain strict budgetary control this year in their core budgets outside of Covid-19 as much as possible.

This will be forecasted in our first full monitor and then updated as collection trends appear as the year continues, but at this point, we expect there to be some impact here. This is an area of on-going discussion with WG officials at this time.

(iii) Cost of Council Tax Reduction Scheme

As noted above, claimants for this have increased and this is the case across the UK. The continuation and extent of this will depend on the economic impact as the situation continues. This budget normally underspends and like the above, has been required to balance out service area overspending over the last 2-3 years and this mitigation will not be there or at least be reduced this year. It is therefore more important than ever that services areas maintain strict budgetary control this year.

This will be forecasted in our first full monitor and then updated as claimant trends appear as the year continues, but at this point, we expect there to be some impact here. This is an area of on-going discussion with WG officials at this time.

(iv) Unavoidable costs which are not reclaimable, usually where costs continue to be incurred beyond the reimbursement period

Whilst services have been asked to ensure all specific costs in response to this situation are those that can be reimbursed through the WG Hardship fund, some service and support arrangements put in place will have to continue beyond the current funding period. In particular, our homelessness arrangements involve hire of temporary accommodation with minimum rental periods beyond the funding periods; costs incurred by our social care providers will very likely continue to be higher than normal beyond June and arrangements for opening schools will involve additional cleaning costs as well as some limited specific travel arrangements.

Our first full monitor forecasts will assume funding arrangements that exist at that time and therefore these additional costs will be unbudgeted and need to be managed by service areas as best they can. Inevitably, some overspending can be expected unless further funding is available from the WG. This is an area of on-going discussion with WG officials at this time.

- (v) Delivery of 2020/21 budget savings plus previous year savings which have been delayed and due also for delivery in 2020/21

The 20/21 current year budget requires savings of c£6m to be delivered whilst delayed savings from previous years are nearly £700k and also need implementing. Heads of service have initially assessed most as deliverable but this will be reviewed in more detail in our first full monitor forecast. It is unlikely that any WG funding support for this area will come forward.

## Looking Forward

### Financial mitigation

15. Whilst there are significant challenges from the Council in 2020/21, it has at its disposal a budget contingency of c£1.5m and this can be utilised to deal with unavoidable spending and income pressures that are ultimately, not funded. This does of course assume that service areas do not also overspend on their core budgets. It is therefore more important than ever that services areas maintain strict budgetary control this year.
16. The Council has a good level of reserves and whilst these are virtually all earmarked, they do ultimately provide, in the last resort, some mitigation for overspending. If this was to happen, then future projects which were funded from these reserves may not be able to progress or in using other reserves, budgetary provision would need to be made to 'repay' these, creating further pressure on the Council's MTFP. There are no easy, impact free solutions through reserves but they do ultimately provide some cover in the last resort.

### Recovery of services

17. The Council, like many others, have been thinking through how to 'recover' services as we move out of the current situation. Things are not the same as they were and permanent changes are likely and even desirable. Council services have responded well to the Covid-19 situation and lessons in what matter most and how best to do things have and continue to be learnt. A separate paper on this Cabinet agenda deals with this in more detail.

In terms of financial issues, business plans will be reviewed and changes made. Some may have financial impact and the HoF is preparing ideas and options in how best to deal with these from a financial forecasting and planning viewpoint, integrated to business planning processes. There are no easy choices and the Council will need to secure external finance for the more major stimulus packages and changes and consider re-prioritising services and budgets where needed.

### The Council's MTFP

18. At this time, we would normally be turning some attention to the Councils future year budgets but clearly, events and priorities have changed dramatically. In saying that, the HoF intends to bring forward a paper to a future Cabinet, in September, to provide an update on the position.

Both Treasurers and Council Leaders have called for early dialogue and notification of future grant support settlement. As always, this may be difficult to deliver from WG's viewpoint but the issue is more important as ever in the current situation.

## **Summary**

The financial implications are contained within the main body of the report. A number of financial forecasts for individual areas of risk, such as income losses, have already been completed but a full monitor forecast is currently underway and will look forward over the full year. As noted in the report, a number of forecasts in key areas will change and be informed as the current situation develops and will be picked up in our monthly financial forecasts updates.

## **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?
Council significantly overspends	H	M	-Use of budget contingency -Service areas do not overspend core budgets -Reserves	CMT and Cabinet
Further outbreaks leading to on-going impacts	H	M	-Further funding from UK and Welsh Government -Budget re-prioritisation	CMT and Cabinet

### Links to Council Policies and Priorities

The Council finances underpins all the Council's priorities and core services. Managing the budget and maintaining sound financial management is important during this challenging period.

### Options Available and considered

This is an update report on responses taken to deal with the situation to date and their costs and the key financial risks in going forward. Options are not applicable.

### Preferred Option and Why

N/A

### Comments of Chief Financial Officer

Main financial issues are contained within the body of the report. The Councils finance teams have already forecasted a number of key financial issues such as income losses and are monitoring and forecasting cash-flow very carefully.

The situation is very dynamic and therefore the financial issues and risks are subject to a lot of uncertainty and change. Unless further financial support is confirmed in due course, there are a number of areas that will give rise to unavoidable financial pressures. The Council has a strong financial position to deal with the immediate challenges these give rise too but would have an on-going impact or impact on key priorities.

As Chief Financial officer, I keep a close review of development in WG on funding issues and co-ordinate and communicate these across the organisation as well as updating the Leader of the Council.

### Comments of Monitoring Officer

There are no specific legal issues arising from the Report. The COVID-19 related expenditure set out in the report has been properly incurred in accordance with legislative requirements and the emergency duties imposed on the Council as a consequence of both the Coronavirus Act 2020 and secondary legislation made by Welsh Government under devolved powers. In relation to particular financial support, such as business rate relief and business support grants, these schemes are fully funded by Welsh Government. In other areas, specific funding has also been made available to cover the additional costs incurred in dealing with free school meals vouchers and homelessness during the lock-down period. However, in many cases, the Council has had to incur significant additional costs because of the impact of the lock-down restrictions on the delivery of services and there has also been a substantial reduction in income from fees and charges. Although the Council will seek to reclaim as much of these costs as

possible from the Welsh Government hardship fund, that is time limited until the end of June and is unlikely to cover all of the expenditure incurred and the loss of income. Wherever possible, the Council has endeavoured to mitigate costs by agreeing with outsourced providers to furlough staff and recover 80% of the staffing costs through the Government's Job Retention Scheme. The Council has also followed national Procurement advice in agreeing to top-up contractual payments to cover the shortfall in furlough costs, to maintain the external service provider's workforce and facilitate the re-introduction of essential services during the recovery phase. Very few public sector staff have been furloughed as the Government advice precluded this where their salaries continue to be funded within budgets, even if their work had ceased or diminished. The financial pressures identified in this report are likely to continue for the foreseeable future and, therefore, will need to be carefully monitored and managed in the context of the MTFP and the Council's priorities, including the strategic recovery aims set out in the separate Cabinet report.

## **Comments of Head of People and Business Change**

This report deals with the financial consequences resulting from the extraordinary circumstances surrounding the Covid-19 crisis. Clearly the financial impacts on local government and Newport City Council are highly significant and key issues such as income loss forecasts are outlined in the report, however the report also stresses that these pressures can be partly mitigated by strict adherence to government support criteria e.g. through properly coding Covid related spend and, by robust financial management across Council services. Also noted is the Council's relatively resilient position to deal with the immediate financial pressures but concerns remain in relation to delivery of key priorities going forward. The report also stresses that the financial picture is changeable and uncertain and that funding issues will need to be kept under review.

This report should be considered alongside other key Covid-19 related documents including the Strategic Recovery Aims report which is intended to enable the Council's services to recover and operate whilst continuing to support the Council's Strategic aims set in the Corporate Plan 2017-22.

## **Comments of Cabinet Member**

The Leader of the Council, as Cabinet Member for strategic finance confirms she has seen and approved this report

## **Local issues**

None

## **Scrutiny Committees**

Under the Council's Constitution, powers have been delegated to Heads of Service and since the Covid 19 outbreak governance arrangements including the Council's Scrutiny Committees have been suspended. However, there is every intension as the Council re-instates its democratic and governance functions, the Council's Scrutiny Committees will be provided an opportunity to assess and review the contents of this report.

## **Equalities Impact Assessment and the Equalities Act 2010**

During this initial 'response stage', the Council has been implementing a range of measures which affect and support both businesses and individuals/households with their more immediate needs. Service support to individuals/households have been based around those deemed to be more vulnerable or in particular need.

In due course, consultation and data will inform a Community Impact Assessment (CIA), which will be used to inform the Strategic Aims and actions set out in another report on this Cabinet in the report as well as the focus of individual service areas. The CIA will consider both people that share protected characteristics under equality legislation, but also take into account wider factors including socioeconomic status, aligning with Welsh Government's work to implement the new Socioeconomic Duty, and building on the progress of the Wellbeing of Future Generations Act.

## **Children and Families (Wales) Measure**

At the heart of the Council's Strategic Recovery aims is the objective to *Promote and protect the health and wellbeing of people, safeguarding our most vulnerable, and building strong, resilient communities*. A significant amount of resources are currently being focussed on assisting vulnerable children and families.

## **Wellbeing of Future Generations (Wales) Act 2015**

The Council's response has been to meet the immediate needs of businesses and individuals/households and are, in the main, short term in nature. In due course, the Strategic Recovery Aims on another paper in this Cabinet have been drafted to support the Council's Corporate Plan 2017-22, Public Services Board 'One Newport' Wellbeing Plan 2018-23 and the Wellbeing for Future Generations (Wales) Act 2015. The delivery of these strategic aims and actions will ensure that the Council is able to prevent longer term impacts on the city and the Council's services

## **Crime and Disorder Act 1998**

None

## **Consultation**

None

## **Background Papers**

None

Dated: 16/6/2020

Mae'r dudalen hon yn wag yn





# Report

## Cabinet

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### Part 1

Date: 24<sup>th</sup> June 2020

**Subject** COVID-19: Test, Trace & Protect – Creation of a Contact Tracing Cell in Newport

**Purpose** To ensure that the Cabinet are aware of the current situation and to seek endorsement of the approach going forward for the delivery of Contact Tracing in Gwent

**Author** Regulatory Services Manager (Environment & Community)

**Ward** City Wide

**Summary** The Welsh Government have required local authorities to work together on a regional basis, with support from Local Health Boards, to establish regional Contact Tracing Services, to operate on Health Board footprints. The requirement was for services to be developed 'at pace', to be operational from 1 June 2020. Newport City Council met this requirement and our Contact Tracing Cell is operational

**Proposal** That the Cabinet note the operational decisions taken to date and endorse the approach going forward

**Action by** Head of Law & Regulation

**Timetable** Immediate

**This report was prepared after consultation with:**

- Head of Law & Regulation
- Head of Finance
- Head of People & Business Change

**Signed**

## 1. Background

On 13th May the WG published their Test, Trace and Protect overarching plan which is supported by the Public Health Wales (PHW) Public Health Protection Response Plan. These plans clearly outline that Councils are required to set up local community contact tracing cells, in partnership with the Local Health Boards. The main purpose of the cells is to “find, prioritise, act and report”.

People who are diagnosed as Covid-19 positive will be asked to advise on all their contacts. These contacts will be traced and monitored to determine if they display symptoms. If they do, they will be treated as a case in their own right, and their contacts traced. Depending on level of risk and exposure, self-isolation could be advised to stem the spread of the virus to keep it beneath the all-important R rate of 1.

The Welsh Government have purchased a Microsoft Dynamics Data Management System (DMS) which is cloud based and will be available to all Gwent regions from the 8<sup>th</sup> June. This includes the telephony system and a training schedule is already in place to ensure all current staff are equipped to use it.

## 2. Timescales

Mass population Contact Tracing was commenced on 1 June 2020. The programme will iterate over time, as the scale and success of contract tracing is monitored, and there will be rapid developments in the early stages:

- Phase 0: Pre-1st June: learn from trials and ensure appropriate testing is available for future phases
- Phase 1: 1st – 7th June: Contact Tracing on a small scale, using local data management systems
- Phase 2: 8th June onwards: move to an all-Wales data management system and expand the operation. To include a Wales-only web service to allow the public to self-service where possible.

## 3. Requirements

The advice provided by Public Health Wales (PHW) in the Gwent Contact Tracing Operational Plan is that Newport will need a significant resource to undertake this function locally.

This includes:

- 12-20 Contact Tracers to conduct the initial tracing work and:
- 40-60 Contact Advisors to complete the follow-up monitoring phone calls.
- 6 Coordinators/Team Leaders

It is expected that the Tracers operate at a higher level than the Advisors and that they are employees who have experience of working at an appropriate level e.g. Technical Officers and Investigators from Environmental Health and Trading Standards (Regulatory Services). This work will be supported by Aneurin Bevan University Health Board (ABUHB) Clinical Leads and is in addition to the expertise of Environmental Health Officers that will be required to work at the ‘higher’ Regional level (the Regional tier of the PHW Public Health Protection Response Plan).

Public Health Wales expect the service to operate from 08:00 hours to 20:00 hours, 7 days a week once it is fully developed.

It should be noted that Contact Tracing may need to operate in Wales for the next 9 to 12 months.

## **4. Implementation**

Initially all staff will work from home although Newport has been asked to investigate the viability of premises for further phases of the programme and this is in hand. The service will be operated from 08:00 hours to 17:00 hours, Monday to Friday initially.

For the Contact Advisor roles in Newport, the proposal is to start with a small team of 10 Customer Services Officers from City Services and then expand the numbers week by week to include redeployed staff who have volunteered for the role, following a call out to all staff.

For the Contact Tracer roles, 10 no. officers have been identified from Regulatory Services (Environmental Health, Trading Standards and Licensing) who can be redeployed to deliver this in the initial phase. This resource is largely available because the current social distancing restrictions have severely curtailed routine regulatory inspection work and licensing processes. These officers will deliver this work remotely i.e. working from home, as a number of them are currently 'shielding' due to underlying health conditions.

The Regulatory Services Managers have reviewed existing workloads and functions and identified what work has already been scaled back, and what functions could be scaled back further should further resource be required for this Contact Tracing work. A summary of this work has been provided to the Cabinet Member for Licensing & Regulation and the Head of Law & Regulation (such operational decisions are delegated to the Head of Service).

Existing Covid -19 responsibilities must continue in Regulatory Services: care home monitoring and support, business restrictions/closures and social distancing in the workplace enforcement. Officers, including Environmental Health Officers, will continue this work as well as delivering on the PHW Regional level work set out in the Response Plan, but to do so will require careful balancing of resources and support from PHW.

As mentioned previously the requirement is to deliver Contact Tracing on a regional, Health Board footprint. The Newport operation is therefore part of the Gwent Contact Tracing Service.

At the Regional level Environmental Health Officers who have expertise in Communicable Disease work are expected to respond to outbreaks and clusters of the disease, which are expected as the 'lockdown' restrictions are eased. There is a requirement for close collaboration with the other local authorities in the Gwent/ABUHB area and sharing of resources may be appropriate, especially to provide Regional cover at EHO level at weekends.

## **5. Operational Arrangements and Governance**

The Covid-19 pandemic has been declared as a national emergency and therefore emergency procedures and structures have been put in place under the Gwent Strategic Coordinating Group (SCG) e.g.

- a Community Testing and Contact Tracing and Testing Sub Group
- sub groups covering Workforce and Premises, IT / Digital and recruitment in the longer term.

Newport has developed a Contract Tracing Operational Delivery Group (CTODG), Chaired by the Head of Law & Regulation and made up of staff from across relevant service areas. This group reports into CMT and Gold by the Head of Service.

Appropriate Governance arrangements are to be developed and agreed for this work for the future when it is no longer being directed by the SCG.

## **6. Financial Summary**

Currently efforts have been made to keep the cost of the Contact Tracing Cell to a minimum by redeploying existing staff from across the Council into the Contact Advisor roles and utilising staff in Regulatory Services who currently have capacity due to the 'lockdown' and its impact on normal regulatory activity. However despite this, the costs are significant. Some staff are being paid more than their substantive post because the Advisor role has been graded at a higher grade. Others will work more hours than they would normally for example.

However, the use of redeployed staff will not be sustainable in the longer term when staff will need to be returned to their substantive posts as business begins to return to a new normal, and new staff will need to be recruited, at significant additional cost. Equipment including laptops have been purchased in order to ensure that new starters have timely access to essential equipment.

In addition there will be a need to remunerate staff to enable a 7 day a week service required by Public Health Wales, again at significant cost.

Recently the ABUHB has started the process to undertake recruitment of Contact Advisors and Tracers, and it is understood that these may operate at a physical location in Newport in future, possibly from September onwards.

The WLGA and other LAs have made strong representations to WG that Contact Tracing requires specific funding and the WG have indicated that they agree they need to establish funding for this but the specific details have yet to be confirmed.

## 7. 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?
That the local Contact Tracing Service in Newport is not able to operate effectively	High	Low	Service Areas have worked tirelessly to establish Contact Tracing in Newport, to be part of the Gwent Service, over a very short timescale	Head of Law and Regulation
That Contact Tracing at both the local and regional response (EHO) level is not resourced adequately to support it to operate over the hours/days required by Public Health Wales	High	Low	Service Areas are working to identify adequate resources	Head of Law and Regulation/ Head of Finance
That the financial expenditure to establish and deliver the new service is not fully covered by the WG	High	Medium	Initial expenditure has been kept to a minimum by careful use of redeployed staff and equipment from across the Council. Correspondence from the WG confirms that funding will be made available for Contact Tracing	Head of Law and Regulation/ Head of Finance

## **8. Links to Council Policies and Priorities**

As noted above, this is an emergency response to a public health pandemic, however the work links with the following plans/policies:

Newport City Council's Corporate Plan (the most relevant theme is "A thriving city" and the most relevant Well-being objective is "To enable people to be healthy, independent & resilient.

Well-being Plan 2018-2023. The most relevant Well-being objective is: "Newport has healthy, safe and resilient environments".

## **9. Options Considered/Available**

### **9.1 Option1**

To note the decisions taken to date and endorse the approach going forward to deliver a Contact Tracing Cell in Newport as part of a Gwent Contact Tracing Service.

### **9.2 Option 2**

Not to endorse the approach going forward to deliver a Contact Tracing Cell in Newport as part of a Gwent Contact Tracing Service.

## **10. Preferred Option and Why**

### **10.1 Option 1 above.**

To note the decisions taken to date and endorse the approach going forward to deliver a Contact Tracing Cell in Newport as part of a Gwent Contact Tracing Service. This will meet the requirements of the Welsh Government and protect public health.

## **Comments of Chief Financial Officer**

The cost of this initiative is very significant. It is estimated that across Wales, staffing and related costs are c£50m itself and the testing costs additional to that then.

In broad terms, Local Government is starting this process using already budgeted re-deployed staff and when these return to their substantive posts, will be replaced with new additional staff for the period this initiative will go on for. The costs of current re-deployed staff will not be funded as they are not 'additional costs' and this follows one of the guiding principles for WG financial support for Local Government Covid-19 costs incurred.

The Welsh Government have indicated / acknowledged that funding is required for this over the 9-12 month period but have not yet confirmed a fund or grant scheme for it at time of writing. To date, Newport City Council have incurred IT/related costs for new laptops etc for when additional staff are recruited.

In this context, the Council should look to ensure that unavoidable additional costs are kept to a minimum until funding is confirmed and terms known.

## **Comments of Monitoring Officer**

There are no specific legal issues arising from the report. Contact tracing is a key element of the Welsh Government route plan for relaxing the Coronavirus lock-down in Wales, in order to reduce the community transmission if COVID-19. In Wales, councils have been tasked with the

responsibility to establish local community contact tracing cells in each of their areas, in partnership with the regional Local Health Boards. A three-tier governance structure has been established with the local cells reporting into a Regional co-ordination group and the contact-tracing being overseen at a national level by Public Health Wales. Because of the short time-scales for implementation, the programme will be phased and will increase gradually over a period of time. Initially all staff will work from home, as many of them are currently “shielding”, but ABUHB are considering the availability of premises for a contact centre type of operation for the longer term. Because of the urgency, the Council has utilised existing staff for the first 3 months, with employees being seconded from other services and other volunteers agreeing to be redeployed. However, this is not sustainable in the longer term, as the current staff return to their normal duties, and replacement staff will need to be recruited in partnership with the Health Board. This will be dependent on Welsh Government funding to pay for the additional costs of delivering the service, which has not yet been confirmed. Because of their experience in dealing with contagious diseases, the work at both a local and regional level is being led by Environmental Health Officers, who will continue to have an advisory role and will also be involved at a regional level in dealing with outbreaks, both in care settings and within the wider community. The Regulatory Services Manager (Environment & Community) is the Council’s representative on the Gwent Regional Overview Team. Other staff from within Public Protections have been seconded temporarily to the contact tracing Team as Contact Tracers. Therefore, these interim arrangements will have a significant impact on the delivery of other Public Protection services and other statutory and regulatory work will have to be scaled-back to accommodate this. A raft of data sharing and information protocols have been put in place at a regional and national level to allow for the transmission and security of the personal data being transferred as part of the test, track and protect process, to ensure compliance with Data Protection and GDPR requirements.

## **Comments of Head of People and Business Change**

The impact of the service on current staffing is mainly around flexibility and ability to be released from their roles for a temporary period to get the service up and running. The Council has been asked to provide around 80 staff, of which half have been released from their current roles. To complement this, we expect health board staff to support and plug the gap. At the end of this temporary period NCC staff supporting the service will gradually return to their substantive roles and be replaced by recruited individuals. There is a possibility that the Tracers, provided by Public Protection may be required for the whole 12 month period.

Longer term recruitment solutions are being sought in partnership with the five Local Authorities, Public Health Wales and Aneurin Bevan University Health Board (ABUHB). It is likely recruitment will be led by ABUHB with the Health Board being the employer. Currently it is anticipated the Council will continue to support and deliver the service using ABUHB staff. It is unclear at this point how this resource will be funded.

This report is in line with the Strategic Recovery Aims report, particularly in terms of promoting and protecting the health and well-being of local people.

The work is also in line with the sustainable development principle in the Well-being of Future Generations Act.

## **Scrutiny Committees**

No consultation with Scrutiny Committees has been undertaken.

## **Equalities Impact Assessment and the Equalities Act 2010**

No Equalities Impact Assessment is necessary.

## Children and Families (Wales) Measure

The proposal set out in this report has no more impact on children or families than any other group or individual.

## Wellbeing of Future Generations (Wales) Act 2015

Well Being Assessment:

- **Long term:** The response to the Covid-19 pandemic is a short-term measure but one which will have long-term impacts.
- **Prevention:** The Test, Track and Protect strategy has Contact Tracing as a fundamental part, which aims to reduce the spread of the disease and prevent many people from becoming ill and significant numbers from dying.
- **Integration:** The strategy will have a major impact on our Well-being Objectives and the Well-being Goals.
- **Collaboration:** Work to deliver the strategy relies heavily on collaboration between local authorities, the Aneurin Bevan University Health Board and Public Health Wales. Significant support (including financial support) is required from the Welsh Government to deliver this successfully.
- **Involvement:** The process of Contact Tracing is public-facing and can only have the desired impact with cooperation from the population it is striving to protect..

## Crime and Disorder Act 1998

The proposal set out in this report has no impact on crime and disorder.

## Consultation

No consultation is necessary.

## Background Papers

The Public Health Protection Response Plan

<https://phw.nhs.wales/publications/publications1/public-health-protection-response-plan/>

Dated:

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