

Agenda

Pwyllgor Rheoli Trosolwg a Chraffu

Dyddiad: Dydd Gwener, 29 Ionawr 2021

Amser: 10.00 am

Lleoliad: Ystafell Bwyllgora 1 - Canolfan Ddinesig

At: Cynghorwyr: L Lacey (Cadeirydd), G Berry, P Hourahine, M Al-Nuaimi, Y Forsey, C Ferris, M Evans, C Evans and J Hughes

Eitem	Wardiau Dan Sylw
1	<u>Ymddiheuriadau</u>
2	<u>Datganiadau o ddiddordeb</u>
3	<u>Cofnodion y Cyfarfod Diwethaf</u> (<i>Tudalennau 3 - 12</i>)
4	<u>Cyllideb 2021-22 a Rhagolygon Ariannol Tymor Canolig</u> (<i>Tudalennau 13 - 58</i>)
5	<u>Casgliad Adroddiadau Pwyllgorau</u> Following the completion of the Committee reports, the Committee will be asked to formalise its conclusions, recommendations and comments on previous items for actioning.
6	<u>Adroddiad Cyngorydd Craffu</u> (<i>Tudalennau 59 - 64</i>) a) Forward Work Programme Update (Appendix 1)
7	<u>Gwylwch y digwyddiad byw</u> To watch the live event please click here

Mae'r dudalen hon yn wag yn

Minutes



Overview and Scrutiny Management Committee

Date: 30 October 2020

Time: 10.00 am

Present: Councillors L Lacey (Chair), G Berry, P Hourahine, M Al-Nuaimi, Y Forsey, C Ferris, M Evans and C Evans

In Attendance: Rhys Cornwall (Head of People and Business Change), Tracy McKim (Partnership Policy & Involvement Manager), Rachael Davies (HR Manager), Mary Ryan (Corporate Safeguarding Manager), Chris Humphrey (Interim Strategic Director - People) and Sally Ann Jenkins (Head of Children & Young Peoples Services)

Apologies: None

1 Declarations of Interest

None.

2 Minutes of the previous meeting held on 24 September 2020

The minutes of the last meeting held on 24 September 2020 were accepted as a true and accurate record.

3 Strategic Equality Plan (SEP) Annual Report 2019/20

Invitees

- Cllr David Mayer – Cabinet Member for Community and Resources
- Rhys Cornwall – Head of People and Business Change
- Tracy McKim – Policy Partnership and Involvement Manager
- Rachael Davies – HR and OD Manager

The Head of People and Business Change gave an overview of the report. Under the Equality Act (2010) the Council is required to report annually on the progress it has made against the strategic equality objectives contained within its Strategic Equality Plan. The Equality Act also requires Local Authorities to publish staff equalities data, which this report also contains.

This report is the fourth and final Annual Report on progress set out in the Strategic Equality Plan 2016-2020 which was approved by Council in 2016. The council's new Strategic Equality Plan was received by Cabinet and agreed at our July meeting and is now published on our website.

Since implementing the previous Strategic Equality Plan back in 2016, we have built on our strong commitment to partnership working and have engaged with staff, consulted with

external stakeholders and increased our community engagement. The previous plan enabled us to form a basis of measures and objectives, and how these affected our citizens. The measures we put in place through the 9 Equality Objectives, were used to indicate our successes as well as identify where there was room for improvement. The changes made and the path ahead are encouraging; by reflecting on the learnings from this strategy, we move forward with purpose and with a clear direction of improving the lives of everyone in Newport.

Highlights from the past year include-

- The Apprenticeship Scheme was rolled out successfully and NCC were finalists in the ACT Training Employer of the Year award 2019
- 'EU Citizens Meeting' was established and we worked in partnership with third sector organisations as well as local EU communities to develop our work in this area
- The successful implementation of our B.A.M.E. Network, which we continue to build on and improve to ensure Black, Asian and Minority Ethnic voices are heard in decision making
- The 'Work Based Learning Academy' has created job clubs, training courses and bespoke 13-week training provisions to support young people seeking employment.
- Participation in Oxford University's 'Inclusive Cities Programme' – a knowledge exchange in relation to migrant communities
- The Lighthouse 55+ scheme for older people celebrated its first anniversary and supported over 250 people in the year (referrals to the floating support scheme, are now prioritised to ensure crisis/emergency referrals are dealt with as quickly and efficiently as possible)
- A further 9 families (40 people) have been resettled, under the Vulnerable Persons Resettlement Scheme
- Preparatory work in 2019-20 for the new supported housing scheme for 6 young homeless people, paved the way for the scheme to open in early 2020/21. This was only possible due to the excellent partnership working from our teams and partners such as Newport City Homes and Llamau.
- Our statutory consultation was completed on our Schools Accessibility Strategy, which aims to improve and upgrade the physical access to schools in Newport.
- Development in our work to promote the Welsh language within minority communities across Newport has increased, thanks to a dedicated Policy Officer and the recruitment of a Welsh Language Promotion Officer
- We have continued our commitment to developing Elected Member Champions, with leads for Race, LGBTQ+, Disability and Impairment, and Welsh Language, raising the profile of equality work throughout the year across the Council

The analysis of the data for our workforce has highlighted key areas for improvement, which will be addressed in our Strategic Equality Plan 2020-2024 alongside work continuing on our commitment to a representative workforce and the recruitment and retention of underrepresented groups.

In the wake of the COVID-19 pandemic, it has become even more apparent that equity of access to support services, as well as equity of opportunity for Newport citizens is paramount, and our work within adversely affected communities must continue at pace. Coupled with the impact of the Black Lives Matter movement in Newport we are now more than ever, acutely aware of the work ahead of us to provide a voice, platform and safe community for the people of Newport.

The Cabinet Member commented that the plan gives the fine details of what their manifesto was. There is a long way to go, but huge progress has been made. It was essential for this to be embedded throughout the authority.

Members asked the following

- The report states a lack of BAME in the workforce. Then they succeeded in getting a job interview. What measures are in place to overcome this? Members then offered a suggestion that names could be removed from application forms, or to just use initials.

The Head of Service was not aware of any specific issues within the Council recruitment process, however the service area has moved to an anonymous recruitment selection, so shortlisting is done without any unconscious bias. The HR and OD Manager further clarified this, adding that when electronic shortlisting is completed, manager simply see “candidate one, candidate two”, no names are included.

Members were pleased that this is now happening. It was then asked when collecting data from those who have applied for jobs, how is the data used? The Head of Service advised that the service area report on the information around applicants however nothing proactively has been done as part of the Equality Plan in terms of applications. It was added that the service area might need to consider potentially positive action if the evidence is there to suggest that is required and what the options could be, but that is something they would need to look at in the future.

- Members commented that it is difficult to look back over a long period of time and can appreciate why. Members voiced concerns about how things are reported. Example was given on page 27 of the report – Reducing poverty and the actions on how we are expecting to do this to ensure children have the best start in life, down to targeting work in our most deprived areas. The Council is good at providing examples of what we are doing as a result of this however there are no comparisons with other local authorities or looking at best practice. Events such as Jobs Fairs are being held, but what are the outcomes from these events?

The Head of Service took the Member’s point on board and advised the committee that the report is a complicated piece of work. Going forward, with reporting the service area can pull together more detail, but is difficult within the context of the Strategic Equality Plan to pull some of those things together. The Head of Service then suggested that there could be additional reporting around the actual poverty agenda and how Newport sits within the Welsh Index of multiple deprivation. This information and comparisons could be given the committee if they wished.

- We had started to look at closing the gap between NHS provision and Council provision for the First 1000 Days of Life Programme. Progress had been made but it seems to have slipped off the agenda. Are there any updates?

Members were advised that the lead officer for this is currently on secondment, however the service area have been working closely with health colleagues and partners around the Adverse Childhood Experiences (ACEs) agenda. Some details of the adverse childhood experiences are picked up in the report. There is also other preventative work taking place in schools and looking at the ACEs agenda in partnership. Members were also advised that we are looking to launch a report about triggers to exploitation, which is a related piece of work around poverty and how it affects young people.

- Members complimented the positive action with the work within the BAME community, and wished to seek assurances that the Council are working equally as enthusiastically with the LGBTQ community. Comment was also made that it would be good in the future reports to have figures on how we integrate people from Eastern Europe into our employment strategy, as they integrate and contribute incredibly well into our society.

The Head of Service advised that the Eastern Europe EU Exit has been picked up. There has been a specific work stream there about working with the Council's own workforce and providers, and also the wider population across Newport around the settle status issues. It was then advised that the Brexit Task and Finish group report is going to the Cabinet meeting on the 11th November 2020, which includes information around the work that has been completed with communities.

The Head of Service then added that the Council is one of the largest employers in the area, and as such it is important for the workforce to reflect the communities in which the Council serve. The Policy Partnership and Involvement Manager then advised the committee that there will be a much heavier influence in the new plan on LGBTQ, engagement has been held with the LGBTQ community and the team are in process of building a staff network. Members were also advised of additional work taking place, such as work being led by the Youth Council, along with partnership work with community groups and external support groups. Participatory budgeting work has also taken place to look at using funding to support those who have been affected. The committee were then advised that the Chair of this Scrutiny committee is the Champion for LGBTQ.

- Query was made about the Cross-Authority Gypsy and Traveller Project. Members enquired what this project does, is it currently active and if so, why do we keep on having unauthorised settlements?

The Head of Service advised that due to the Covid pandemic and restrictions we are placed in, have led to some of the issues we have had this year. The Policy Partnership and Involvement Manager advised the committee that we have funding for community cohesion work for Newport and Monmouth. There is a range of cohesion work for issues across the border. It was explained that there is a lot of engagement work with these communities and we also advise other bodies and talk to the Police and colleagues within the Council about the rights of the Gypsy Roman Traveller (GRT) community.

It was advised that there is a specific challenge around Covid. However, the encampment and challenging is something that the service area cannot pick up as part of the Equality's agenda.

Members appreciated that Covid makes a difference, but commented that the issue is respecting the rights of travellers. If the Council could do liaison work with those who are using unauthorised sites, to create a more harmonious relationship and perhaps get to leave the site in the condition they found it but taking away their rubbish. The Head of Service responded that the heart of the work undertaken is around trying to ensure that communities work with each other. The Policy Partnership and Involvement Manager advised the committee that as of next year there we have no guarantee of funding for cohesion work which will be a challenge. However, by working with partners and other areas of Gwent we will spread the resource as far as we can and take collective learning.

- Members queried Objective 4 of the plan: Tackling Poverty. They discussed Communities First and praised their work operating on a ward level, however has since stopped. Is this service still operating in some wards or clusters?

The Head of Service commented that this is one of the difficulties reporting back on the last year of a five year plan. At the time, Communities First was still active, but since then those programmes have now changed. Regeneration, Investment and Housing service area tried to bring together the current existing programme that was designed to tackle poverty to bring into a more cohesive set of programmes in a community hub model. This is still progressing. The service area can provide information on this if the committee would like.

Members commented that some people would like to do volunteer work, the Council could support people in doing this. The Cabinet Member is a fan of the concept, but not the practice. He advised that the Council has recently introduced the Ringland hub model for all hubs to use, however the Covid pandemic started as it just opened. Once Covid has ended, the service area will learn lessons that have arisen from this and make the model much better. It was also advised that community groups will be linked in some way through the four community hubs.

The Chair thanked the Cabinet Member and officers for attending.

Conclusion on report

- Members wished to see more details on what liaison work with other authorities have taken in regards to avoiding unauthorised traveller encampments.
- Members commented that the report is very in-depth and loaded with detail. Most private sector reports start off with an executive report, where as our reports start off with detail, then go further on with detail without coming to any highlights. Are executive reports able to be produced in the future?
- Members wished to acknowledge the hard work that the churches have undertaken through the pandemic for the homeless and rough sleepers.
- The committee would like to promote the direct interaction between the Youth Council and Newport City Council.
- Comment was made about data collection, Members would like to know whether Humanist could be added on the Religious beliefs question.

- Members hope to receive information regarding comparisons with other local authorities from the UK and how we can potentially look at targets and best practice about reducing child poverty.

4 Annual Corporate Safeguarding 2019/20

Invitees

- Sally Jenkins – Head of Children and Young People Services
- Chris Humphreys – Head of Adult and Community Services
- Mary Ryan – Head of Corporate Safeguarding

The Head of Corporate Safeguarding gave an overview of the report. This report was due to be presented to scrutiny in March 2020, due to Covid measures in place this was not possible.

Assurance to the council that all areas of concern have been reviewed from March. The areas of priority have changed a little due to a change in legislative amendments due in Oct 2020, realigned to March 2022 for the Deprivation of Liberty work. Progress within all council areas will be reported within the 20/21 report

The Head of Corporate Safeguarding advised the report is a combination of scrutiny requests for reporting to reduce and the WAO directive on what needs to be shared with Scrutiny. Going forward, the service area is completing a self- assessment toolkit for all the council service areas to complete and this will provide the basis of future reports to scrutiny. NCC officers continue to be active members at all levels of the Gwent safeguarding Board, both children and adults and also continue to host the VAWDASV regional team and attend the VAWDASV partnership Board. During 2019/20 the Council held 2 local safeguarding network events that were attended by statutory, specialist services, volunteers and Members who work within Newport City.

The ADULTS AT RISK internal audit reported a good service with one weakness noted, the delay in Strategy meetings with police. This is now progressed with the development of the SAGEGUARDING hub based in Civic Centre.

Wales Audit Office reported that the council consider Safeguarding to be an important area of its corporate activities and its ethics is that Safeguarding. involves us all

CIW: 1.Focussed adult services- positive

2. Focussed information advice and assistance- for child and adults.. noted clear processed for citizens and co-location of police and DA services very positive.

JICPA: 1ST JOINT INSPECTION OF ALL INSPECTORATES IN Wales, piloted in Newport within children services in Dec 2019. Positive report, effective joint working arrangements and the development of the risk assessment tool for child criminal exploitation an area of evidence of strong partnership working.

The Head of Corporate Safeguarding then advised the committee of the latest developments

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1.The safeguarding champions was launched in January 2020, and continued throughout lock down via virtual means to support each service area within the council.

2.Mandatory Elearning for all new staff, volunteers and members was delayed due to covid requirements an issues, but launched in August 2020 and all staff and service areas encouraged to complete. This performance will form part of reporting to scrutiny.

3.Development of tiered training with reference to safeguarding for all staff, volunteers and Members is continuing and update will be provided in 20/21 report.

4. Newport Safeguarding Hub was established during 2019/20 and is no longer a pilot but part of established practice. Further developments during 20/21 will expand the co- location with partners.

5. Adults at risk – a 2% rise in referrals, performance evidences an improvement in process and assessment

6. Operation Encompass, Police and education pilot to notify schools when a domestic issue within the home the previous night is working towards direct referral from police to school. This started in Newport and now rolled out across the region.
7. DBS in education, scoping exercise completed and requirements for the council to consider DBS for all educational establishments every 3 years to be considered.

Members asked the following –

- A comment in the report states that work on the children’s website would start in May 2020. Has that started?

Members were advised that there is general work going on in that area however unfortunately work has been stalled.

- Comment was made about safeguarding in schools, approximately 90% of schools have a current safeguarding audit in place. What has been done, or what are we doing, to capture the other 10%?

Members were advised that now 100% of schools have had a safeguarding audit.

- Members were happy to see that the report now has explanations on the graphs but again there are no comparisons with other local authorities, which would be helpful in future reports. Comment was also made about the feedback from the Audit Office to give a more detailed report, as a Member fed back that there is already a lot of information included for a lay person.
- Members commented that the committee have been asked to consider whether the structure of the Newport Safeguarding Unit structures and individual teams key priority plans are appropriate to meet the Council’s responsibilities and safeguarding matters, but Members felt this was an operational matter and do not feel qualified to comment on. Members then asked the officers for reassurance that they are happy with the structures.

The Head of Children and Young Peoples Services advised that they are happy, and what is particularly good is that the steps that being taken going forward in terms of increased provision is they’ll have an increased police presence, which is welcome not only for Social Services, but for the whole of the Council as it gives a resilience to our corporate safeguarding. It is also welcome that there will be a more localised approach rather than a centralised protection unit.

- Feedback was given on the online Safeguarding training courses, which Members felt was difficult to operate due to the number of passwords required to use it and the layout. It was suggested that the Council follow a more simplified system that other organisations use.

The committee were advised that this will be looked into.

- Members queried DBS checks. How much of a risk is there if the Council do not go ahead with a 3 yearly check? Members advised that the £50 per person is a small price to pay.

The Head of Safeguarding advised the committee that the team have a very good working relationship with the local Police, who advise whether there are any recent

arrests or issues, and if they are aware of any employees, chaperones or anyone working in a capacity within the Council that they have concerns about.

- Members queried the last paragraph on page 81, Section 11- Deprivation of Liberty Safeguards to Liberty Protection Safeguards- implementation October 2020, expecting to be fully implemented by 2021. Does the council begin with the specific knowledge?

Members were reassured that there are enough experienced and dedicated staff who have been fully briefed and trained in the Mental Capacity Act so they are able to carry out best interest assessors assessments on individuals. The Council are also part of a regional consortium in terms of this piece of work. It was important to ensure that there are enough staff trained in understanding the change in legislation. It is now expected to be fully implemented by 2022.

Members then asked if this applies for all ages? The Head of Safeguarding advised the committee that it would be for all ages, but the majority is for over 18 years of age. It was also advised that it would be a slightly different system for children, where the social worker would make the recommendation and go to court for an inherent jurisdiction and the judge would make a decision.

- The committee were advised that the service area are hoping to train existing staff with the additional safeguarding skills rather than recruit additional staff. It was also advised that the social workers are used to working with legislation, which is a part of their standard training.
- Members advised it was important to highlight the positive things in the report, such as on page 7 of the report, where the inspection highlights that the Children Services Managers communicate effectively in a supportive, open non-blame culture and practitioners feel safe in sharing their decisions. Query was then made about the Domestic Violence graphs on page 11, which show the highest level of incidents and questions whether the Covid restrictions will lead to an increase of domestic violence. What is being done to prepare for this?

The committee were advised that the Council host the VAS Regional Team and also the Independent Domestic Violence Advocates, so there is there is a high risk of abuse, a Multi Agency Risk Assessment Conference would be arranged, so all agencies would come together to arrange a safety plan. The service hasn't stopped throughout the lockdown. Newport hasn't seen a huge rise in referrals, although there has been a slight increase. Lots of information on how to get support has been advertised for both employees and citizens. Members were advised of the upcoming National Safeguarding Week and also 16 Days of Action, which is a Welsh Government initiative, which is about working specifically on the issues that have been raised through the Covid pandemic.

The Head of Children and Young Peoples Services added that in relation to children and domestic abuse through the Covid pandemic, we did see an increase in referrals where domestic abuse was an issue for families. However, we were fortunate in being able to extend work that the Council were doing with the Home Office, also funding which particularly looked at support for children who were in households where there was domestic abuse. This has been carried out by the Family Support partnership. It was advised that it was difficult to continue, especially in April when having to work in a more restricted way, but still gave extra support to those children.

- Members discussed Appendices 1 and 2 from the report. It was then asked how are these two appendices are to be incorporated into the working practices of the Social Services departments, and what is the stance on independent solicitors being needed to possibly challenge the assessments that have been made?

Members were advised that every time a Deprivation of Liberty assessment is carried out, there has to be an independent advocate identified who has to agree to do that. If the person does not have any family or can carry it out independently, then the Council pays to ensure that the person is represented.

Members then queried what provisions are there in place if referrals are received in emergencies, and at times where staffing is low such as on Bank Holidays. Members were advised that it would depend on the circumstances. There are urgent orders, that can happen within seven days but there are not very many of them received.

- Members discussed the increase in the number and the complexity of Subject Access Requests. Why have there been such an increase? Also, with the potentially large amount of paper work for social workers which could cause additional problems such as missing details, is there anything the Scrutiny committee could recommend?

Members were advised that some of the documents that have been quote in the report were to do with historical allegations, these had to be looked at through Gwent Archives to try and get the information together, some of may end up in very serious criminal convictions. It is a duty on the Council to be able to provide the information. The Head of Children and Young Peoples Services reiterated that the weight of the documentation is because of the historical nature, thankfully more recent enquiries would be dealt with electronically. In relation to Police requests for information, from a South East Wales perspective, the local Family Justice Board are now liaising with Gwent Police and South East Wales Police in relation to these requests to try and look how we can get better timing in place. There has also been work done by His Honour Richard Williams which looks at how we work more effectively with the Crown Court.

The Chair commended the officers and their staff on the continued work through the pandemic, and thanked them for attending.

Conclusion on report

- Members appreciated the hard work that had been completed over this period, and advised the report was very comprehensive.
- Members expressed the importance of the department having the expertise to be able to make recommendations, and approaching with issues such as depriving individuals of their liberty, professionally and sensitively as wrong decisions could leave the Council open to legal challenges. Processes need to be water tight.
- Members voiced concerns of the potential risks if the Council do not go ahead with a 3 yearly check, as well as making sure that Subject Access Requests are completed without breaching any time scales and risking fines.

Invitees;

- Gareth Price – Head of Law and Regulation

The Head of Law and Regulation informed the Committee of the topics due to be discussed at the next committee meeting:

29 January 2021, the agenda items;

- 2021-22 Budget and Medium Term Financial Projections

The meeting terminated at 11.50 am



Scrutiny Report

Overview and Scrutiny Management Committee

Part 1

Date: 29 January 2021

Subject 2020/21 Budget and Medium Term Financial Projections

Author Scrutiny Adviser

The following have been invited to attend for this item:

Role / Areas of responsibility	Lead Officer
Budget Overview and Process	Meirion Rushworth, Head of Finance
Budget Public Engagement	Rhys Cornwall, Head of People and Business Change
Comments from the Performance Scrutiny Committee – Place and Corporate	Cllr Chris Evans, Chair of Performance Scrutiny Committee – Place and Corporate
Comments from the Performance Scrutiny Committee – People	Cllr Joan Watkins, Chair of Performance Scrutiny Committee – People

Section A – Committee Guidance and Recommendations

1 Recommendations to the Committee

The Committee is asked to:

- (i) Consider:
 - the process undertaken for this year's Draft budget proposals;
 - the public engagement undertaken for this year's Draft budget proposals;
- (ii) Determine if it wishes to make any comments on the budget process or the public engagement to the Cabinet;
- (iii) Endorse the comments made by the Performance Scrutiny Committee – People, and Performance Scrutiny Committee – Place and Corporate to be forwarded to the Cabinet.

2 Context

- 2.1 In accordance with the Council's Constitution, the Cabinet is required to consult on the proposals, before recommending an overall budget and required council tax to the Council for approval in February. Scrutiny Committees must be consulted as part of this process. The timetable for the consultation on the budget is as follows:

Cabinet agrees budget proposals as a basis for consultation	8 January 2021
Consultation period	8 January 2021 to 12 February 2021
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	22 February 2021
Council approves the 2021/22 overall budget and resulting council tax level required	3 March 2021

Structure of Scrutiny of the Budget Proposals

- 2.2 Each Committee will meet to discuss the budget proposals in detail and formulate comments relating to their portfolio:

Committee	Date	Role
Performance Scrutiny Committee - Place and Corporate	18 January 2021	Savings proposals within the Place and Corporate Service Areas
Performance Scrutiny Committee - People	19 January 2021	Savings proposal within the People Service Areas
Overview and Scrutiny Management Committee	29 January 2021	<ul style="list-style-type: none">• Coordination of comments from all Scrutiny Committees• Comments on the budget process• Comments on public engagement

- 2.3 The Cabinet approved the following Draft 2021-22 Budget proposals for consultation at the meeting held on 20 December 2019:
- The budget savings proposals in Appendix 2 (summary table) and Appendix 5 (detailed business cases).
 - The proposed increases to fees and charges in Appendix 7 of the Cabinet Report.
 - **The proposed school funding position for 2021/22 in Section 3, paragraphs 3.9 to 3.14.** (A link to the full Cabinet Report and Appendices is provided, in Section 7 of this report.)

- 2.4 The draft proposals have been considered by the relevant Scrutiny Committees as per the schedule in paragraph 2.2 above. Recommendations from the Place and Corporate Committee on 18 January and the People Committee on 19 January are being reported to this Committee Meeting, and the Chairs of the Place and Corporate Committee and the People Committee are invited to attend the meeting for consideration of their Scrutiny Committees' comments.
- 2.5 The role of the Overview and Scrutiny Management Committee is to coordinate the comments from Scrutiny to ensure that there are no overlaps in what is being recommended, and ensure that scrutiny as a whole provides a cohesive and consistent response to Cabinet.
- 2.6 **The Committee also has overall responsibility for comments on the budget process and public engagement, and may wish to draw out key themes from the two Scrutiny Committees' comments to highlight any overarching issues on the budget to the Cabinet.**

3 Information Submitted to the Committee

- 3.1 The following information is attached for the Committee's consideration:

Appendix 1 - Cabinet Report – 2021-22 Budget and Medium Term Financial Projections

Appendix 2 - Comments from the Performance Scrutiny Committee - Place and Corporate

Appendix 3 - Comments from the Performance Scrutiny Committee - People

- 3.2 **The Cabinet report (Appendix 1) contains background information on the budget setting process, financial planning assumptions as well as outlining the budget process and planned consultation. This is the focus of the Overview and Scrutiny Management Committee's consideration of the budget.**

4. Suggested Areas of Focus

Role of the Committee

The role of the Committee in considering the report is to:

- **Assess and make comment** on the overall budget process and public engagement:
 - Is there evidence of links to the Corporate Plan and a strategic long term approach to budget;
 - Fairness and Equalities Impact Assessments – have these been completed consistently and used to develop the proposals?
 - Whether the Wellbeing of Future Generations (Wales) Act Sustainable Development Principle has been considered in the proposals in terms of the need for long term thinking and planning?
 - Approach to public engagement - is there a cohesive and consistent approach demonstrated to how the public have been involved and consulted on the proposals.

- **Conclusions:**
 - Determine comments / recommendations to Cabinet upon:
 - Budget process;
 - Public Engagement;
 - Fairness and Equality Impact Assessments;
 - Wellbeing of Future Generations Act.
 - Any overarching issues emerging from the two Performance Scrutiny Committee meetings.
 - Agree to forward the comments of the two performance Scrutiny Committees to the Cabinet on the specific Budget proposals.

Suggested Lines of Enquiry

- 4.1 Councillors have a fundamental democratic right to commission financial information and provide challenge to executives and officers about finances. Scrutiny councillors are not expected to be financial experts, but they have a key role in ensuring **accountability** and **value for money** are demonstrated to the public.
- 4.2 The following has been adapted from Section 3.1-3.4: Source: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”) to provide examples of the questioning and lines of enquiry that the Committee may wish to consider:

Links to Strategic Planning	How does the proposal contribute to the achieving corporate priorities?
	How do these proposals fit into an overall budget strategy / what is the long-term approach to budget at the Council?
Fairness and Equalities Impact Assessments	Have these been completed? Is there a consistent approach to competing FEIAs and have they been used to inform the proposals?
	Have any impacts identified within the FEIA been considered within the business case?
Public Consultation	How has the public been consulted on the budget proposals?
	Has there been a consistent approach to public engagement and involvement upon this year’s budget proposals?

Wellbeing of Future Generation (Wales) Act

4.3 The Committee's consideration of this report should consider to the extent the five ways of working are being considered in the budget process and public engagement. Below are examples of the types of questions to consider:

5 Ways of Working	Types of Questions to consider:
<p>Long-term</p> <p>The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.</p>	What consideration have you given to the long-term trends that could affect your budget process and public engagement?
	How will the needs of the citizens of Newport potentially change in the future?
<p>Prevention</p> <p>Prevent problems occurring or getting worse.</p>	How are you addressing these issues to prevent a future problem?
	How have the decisions, so far, come about? What alternatives were considered?
<p>Integration</p> <p>Considering how public bodies' wellbeing objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.</p>	Have you consulted with the health board, third sector, emergency services, businesses and anyone else you think might be impacted?
	What practical steps will you take to integrate your project with existing plans and strategies of other public organisations to help us all contribute fully to the seven national well-being goals?
<p>Collaboration</p> <p>Acting in collaboration with any other person (or different parts of the organisation itself).</p>	Who have you been working with? Why? Who have you collaborated with in finding out more about this problem and potential solutions?
	How are you co-working with other sectors?
	How are you using the knowledge / information / good practice of others to inform / influence the Council's work?
<p>Involvement</p> <p>The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area, which the body serves.</p>	How have you involved the people who are being impacted by this decision?
	How have you taken into account the diverse communities in your decision-making?
	How have you used different / alternative methods to reach people and involve them?
	How will you communicate the outcome of your decision?

Section B – Supporting Information

5. Further Guidance on the Scrutiny Role

- 5.1 The information in the following section has been taken and adapted from the CfPS / Grant Thornton Finance Scrutiny Guide (pdf) published in June 2014. The extracts reproduced here focus predominantly on Councillors' role in the annual budget setting process.
- 5.2 For further information, Members are invited to read the publication, which includes more detail about scrutiny's role in financial planning and management, as well as case studies and best practice examples. *(A link to the publication is provided in Section 7 of this report.)*

Understanding Roles and Responsibilities

- 5.3 Councillors and officers have a collective and individual responsibility for ensuring that a council's finances are effectively managed. Within the Annual Budget process:

Council	Agrees the policy and budget framework.
Cabinet/Executive	<p>Cabinet agrees a series of proposals for public consultation, which form the draft budget proposals. Scrutiny must be consulted as part of this process.</p> <p>Responsible for proposing the policy and budget framework and key strategies, including the MTFP and annual budget. It has power to take all executive decisions within the policy and budget framework agreed by the Council.</p>
Scrutiny Chairs	<p>The Chair should encourage all scrutiny councillors to take a full part in scrutiny, including taking part in any agreed work outside of the formal meetings.</p> <p>Focus the Committee on their role in providing constructive challenge as a consultee in the budget process.</p>
Scrutiny Councillors	<p>The role of scrutiny councillors is to review policy and challenge whether the executive is making the right decisions to deliver policy goals and achieve Council's agreed objectives. Their role comprises</p> <ul style="list-style-type: none"> ○ Providing constructive challenge on the draft budget proposals and ensure that properly costed policy and budget proposals are implemented. ○ Monitoring the service and financial performance of the council and its partners and examining the impact and implementation of cabinet decisions and policies ○ Holding the council leader, cabinet and senior officers to account in how effectively they deliver a balanced budget.
Heads of Service	<p>Within the policy and budget framework and decisions taken by executives, Chief Executives, Chief Finance Officers and Monitoring Officers have key responsibilities for the way Councils are run in terms of compliance with legal duties.</p> <p>Section 151 of the Local Government Act sets out requirements to prepare a prudent and balanced annual budget including maintaining reasonable levels of reserves and the role of the Head of Finance (as the designated 151 Officer) within this. Other members of the corporate</p>

	management team are responsible for administering annual service budgets.
Finance Professionals	Such as auditors and accountants, should identify how financial planning and management processes can ensure time and space for scrutiny to add value and make a difference.

Fairness and Equalities Impact Assessment (FEIAs)

- 5.5 Fairness and Equality Impact Assessments (FEIA) are a systematic approach to ensure that the Council takes decisions that balances the needs of people, local culture, the economy and the environment over time. FEIAs assist the Council in ensuring that our decision-making process is inclusive. They are used to look at the effect of any change to Council services or employment from everybody's viewpoint, to make sure that changes are fair and do not discriminate.
- 5.6 Officers have a responsibility to inform decision makers of all the relevant implications of any proposal and provide evidence on which they will base their decisions. FEIAs help decision makers understand service users, employees and other stakeholders' perspectives, and provide evidence that citizens have shaped the council's work. There is legal requirement to publish FEIAs.
- 5.7 Within the Budget proposal Business Cases, there is an indication as to whether or not an assessment is necessary for a proposal. The Performance Scrutiny Committees were asked to consider these during their discussion on the proposals within their remit.
- 5.8 The FEIA's are published on the Council's Equalities page on the website ([Link](#)).

6 Links to Council Policies and Priorities

The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council’s change programme and saving proposals and protects the financial health of the Council. Scrutiny should seek to ensure that the MTFP and Draft budget proposals contribute to this aim:

Well-being Objectives	Promote economic growth and regeneration whilst protecting the environment	Improve skills, educational outcomes & employment opportunities	Enable people to be healthy, independent & resilient	Build cohesive & sustainable communities
Corporate Plan Commitments	Thriving City	Aspirational People		Resilient Communities
Supporting Function	Modernised Council			

7. **Background Papers**

- [Cabinet Report – 2021/22 Budget and Medium Term financial Projections \(MTFP\) 8 January 2021](#) including report appendices:
 - Appendix 1 - Budget investments
 - Appendix 2 - New budget savings for consultation
 - Appendix 3 - New budget savings implemented under delegated authority (Cabinet Member and Head of Service)
 - Appendix 4 - Budget savings previously approved
 - Appendix 5 - Budget savings for consultation – proposals
 - Appendix 6 - Demand models – social care
 - Appendix 7 - Fees & charges for consultation
 - Appendix 8 - Financial resilience ‘snapshot’
 - Appendix 9 - Medium term financial projections
 - Appendix 10 - Projected earmarked reserves
 - Appendix 11 - Corporate risk register summary - Quarter 2
- [CfPS / Grant Thornton Guidance– “Raising the Stakes: financial scrutiny in challenging times”](#) including references to: Grant Thornton – Local Government Financial Resilience Review 2012 (“Towards a tipping point?”)
- [The Essentials – Well-being of Future Generation \(Wales\) Act](#)
- [Corporate Plan 2017-22](#)

Report Completed: 29 January 2021

APPENDIX 1

Mae'r dudalen hon yn wag yn

Report

Cabinet

Part 1

Date: 08 January 2021

Subject 2021/22 Budget and Medium Term Financial Plan (MTFP)

Purpose To highlight key issues affecting the development of the Council's 2021/22 budget and Medium Term Financial Plan (MTFP) and present the draft proposals for the 2021/22 budget. Cabinet are asked to agree the proposals in order to commence the budget consultation process for this year. Consultation results will be reported back to Cabinet in February 2021, when Cabinet will agree a final budget and recommend the required / corresponding council tax level to full Council.

Author Head of Finance

Ward All

Summary This report presents the draft budget proposals for 2021/22. It has been the subject of significant work over the last few months; much of it done within a challenging context of very little or no information from UK or Welsh Government (WG) regarding core and short term Covid-19 related funding for 2021/22 and uncertainty coming out of Brexit. The Council only received details of its draft 'Revenue Support Grant' (RSG) on 22 December and given the significant uncertainties mentioned above, finalised proposals after that. The result of that is a slightly later start to budget consultation but the remaining budget-setting timetable has been adjusted to maximise the time available for consultation and residents, service users and stakeholders, such as the independent Fairness Commission, will have four full weeks to take part in the consultation.

Details of the budget are shown within this report and its appendices and as always, both savings and an increase in local council tax are key elements of the proposed budget to ensure it is sustainable and able to maintain key services as best as possible for both Newport as a whole and the most vulnerable in our communities.

Section:

- 1 Our financial challenge
- 2 Setting the budget
- 3 Financial planning assumptions
- 4 Budget savings
- 5 Budget process and consultation
- 6 Risk, financial resilience and performance
- 7 Report review and statutory comments

Appendix:

- | | |
|------------|--|
| Appendix 1 | Budget investments |
| Appendix 2 | New budget savings for consultation |
| Appendix 3 | New budget savings implemented under delegated authority |
| Appendix 4 | Budget savings previously approved |
| Appendix 5 | Budget savings for consultation – proposals |
| Appendix 6 | Demand models for social care |
| Appendix 7 | Fees & charges for consultation |

Appendix 8	Financial resilience 'snapshot'
Appendix 9	Medium term financial projections
Appendix 10	Projected earmarked reserves
Appendix 11	Corporate risk register summary - Quarter 2

Proposal

1. **Cabinet is asked to agree the following draft proposals for public consultation:**
 - i) Budget savings proposals in appendix 2 (summary table) and appendix 5 (detailed proposals), including the decision making point (either full Cabinet or Head of Service) for each one
 - ii) Approve implementation of the delegated decisions in appendix 3 by Heads of Service with immediate effect, following the usual Council decision making processes
 - iii) A council tax increase of 5%, a weekly increase of £0.77 - £1.02 for properties in Band A to C, the most common bands in Newport, as set out in paragraphs 3.21 – 3.24
 - iv) Proposed fees and charges in appendix 7
 - v) The budget investments shown in appendix 1
 - vi) The budget investment provision in schools of up to £4,937k, which is based on an assumed teachers/ NJC pay increase and provides for a fully funded increase funding requirement, based on that, plus the cost of new/ expanding school provision as noted in paragraph 3.14 – 3.20. Specifically here, Cabinet agrees to confirm and finalise this when there is certainty on Teacher's pay from September 2021 with the intention of retaining the objective described above, within the funding provision available.

2. **Cabinet is asked to note:**
 - i) The position on developing a balanced budget for 2021/22, acknowledging that the position will be subject to ongoing review and updates especially in light of the late announcement from WG in respect of the final 2021/22 funding
 - ii) The medium term financial projections, assumptions contained within and that projections contain investments required to implement the Corporate Plan promises
 - iii) That initial Fairness and Equality Impact Assessments have been completed for all those requiring one
 - iv) The need to prioritise the development of a 'strategic change programme' in order to develop a long-term sustainable financial footing for services.

Action by Chief Executive / Heads of Service

Timetable Immediate:

1. Delegated decisions in appendix 3 will be implemented with immediate effect, in line with internal decision making protocols
2. Decisions subject to consultation in appendix 2, fees and charges, and schools funding position to form the basis of the budget consultation process.

This report was prepared after consultation with:

- Cabinet Member for Community & Resources
- Chief Executive
- Head of Finance
- Head of Law and Regulation
- Head of People and Business Change

Signed

1 Our Financial Challenge

- 1.1 The medium term financial plan (MTFP) included within the Council's 2020/21 budget report identified a potential budget gap of £5 million (m) in 2021/22 and £9.9m over the period 2021/22 to 2022/23. This report provides an update to the planning assumptions made over the medium term, includes a further two years to 2024/25 and outlines the 2021/22 budget strategy and associated timetable. It highlights considerations directly associated with the coronavirus pandemic that will need to be kept under close review from a financial planning perspective over the coming months as well as an assessment of the Council's financial resilience given the continued challenges the Council faces in these unprecedented times.
- 1.2 The Council provides over 800 services, for over 156,000 people, living in over 69,000 households. Newport's population is growing and increasing demand and pressure for services means that the council continues to face financial challenges, namely:
- increasing inflationary costs e.g. contracts and pay;
 - costs of funding the Council's increasing levels of planned debt, linked to its substantial capital programme in its commitment to improving the city and its infrastructure plus the reduction in its 'internal borrowing' capacity;
 - increasing demand for services and therefore costs. These stem from demographic and societal changes and are most acute in the larger budget areas of social services and education;
 - local government funding in Newport sees the 'Revenue Support Grant (RSG)' funding over 75% of its net budget. Funding is therefore controlled largely outside of the Council's influence, resulting in a disconnect from its own spending pressures, requirement and priorities. In addition, the lack of any medium term indication of the grant level and increasingly late notification of the following years value is not helpful for medium term financial planning and increases uncertainty;
 - a historically low relative council tax level, which based on 2020/21 rates would provide a further £8.3m and if calculated at 100% council tax base would provide equivalent to £9.2m as set out in paragraph 3.21. If it was set at that level assumed by Welsh Government (WG) when setting the Councils 'standard spending assessment' compared to current levels or £8m if it was at the average rate in Wales.
- 1.3 In addition, the Council has demonstrated its ability and willingness to invest in services over the longer term, linked to priorities as set out in the Corporate Plan in order to fulfil its ambition of 'Improving People's Lives'. The Council's Corporate Plan sets out 20 clear promises and, in some cases, these require financial investments, which are included in the 2021/22 budget and the MTFP as appropriate.
- 1.4 The council has made savings of £35m over the last 5 years and in order to achieve this has helped people to live independently, rationalised the Council's estate, invested in prevention and early intervention and seen a significant reduction in the number of staff supported by digitalisation and automation of processes.
- 1.5 The public sector has faced a prolonged period of real term reductions in funding levels for a number of years and core spending is still below 2008/9 levels, in real terms. Unprecedented challenges lie ahead for services across local government, not least because of the coronavirus pandemic. Despite Newport being one of the better off councils last year and this year in terms of funding allocation, this uncertainty coupled with increasing demand and therefore costs, in particular within social care / schools, means that, prior to the acceptance of the proposed savings, further savings must still be found – at least £9m by 2024/25 based on current planning assumptions and projections.

2 Setting the budget

- 2.1 This section outlines the key contextual areas and events, which influence the Councils medium term financial planning and within that; next year's budget. This year has brought some new and very significant challenges over and above previous years, the future year impact of which is

currently unknown but could well be significant. The key context areas which have shaped the thinking and the preparation of the draft proposals include:

- the significant economic challenge, resulting from UK Government response to the Covid -19 pandemic;
- the UK national context coming out of the annual spending review and what that meant for WG funding for 2021/22;
- the local Newport City Council context given the draft RSG funding which was confirmed on the 22 December and issues coming out of how the Council is funded and lack of medium term certainty on funding availability;
- the Council Corporate Plan, which drives priorities. These factors are explained in more detail below.

2.2 There are two main elements to the council's financial planning:

- strategic planning; the MTFP
- within that, the annual council budget.

2.3 The Council reviews its budgetary position regularly and produces a rolling four-year plan known as the medium term financial plan (MTFP). This plan considers the financial climate at both the local and national level together with forecast available resources and budgetary pressures in arriving at a financial strategy. Importantly, it is linked to the Councils Corporate Plan to ensure that key priorities are funded, where additional funding is required. The Council is required by law to set a balanced budget every year. For over a decade councils across Wales have faced continued financial pressures, therefore meaning that savings are to be found to meet the funding gap between the funding available (RSG grant and local council tax), and expenditure on the wide variety of services provided.

2.4 To meet this gap, in putting together the budget proposals each year we review:

- budget commitments (both investments and savings) agreed in the MTFP previously;
- new areas in need of investment and growth;
- new proposals for savings and efficiencies;
- new proposals on our fees and charges.

2.5 As in previous years, Cabinet will be asked to keep the medium term position in mind, and in February will approve the new medium term savings and investments over the life of the MTFP, to be added to those already approved / in progress.

Economic Context

2.6 As a result of the pandemic, Wales and the UK experienced an unprecedented collapse in economic output (gross domestic product (GDP)) in the second quarter of this calendar year, followed by a large recovery in the third quarter. On this basis, economic recovery is extremely uncertain and the longer-term impact of national and local lockdowns and ongoing public health measures remains to be seen.

2.7 Further adding to the uncertainty is Brexit. Although the UK left the European Union (EU) on the 31 January 2020, it was only at the end of 2020 that the UK completed its formal separation from the EU. The medium to longer-term economic impact of the new arrangements is still uncertain at this time.

2.8 Government support for jobs and businesses during the pandemic has had a significant impact on public sector borrowing. In September, UK debt reached almost £2.1 trillion for the first time and further heavy borrowing is anticipated. At the end of September, debt was 103.5% of GDP, the first time it has exceeded 100% in almost 60 years. The significance of this and the need to restore debt to more sustainable levels clearly has the potential to affect spending on public services in the future. Having said this, the Chancellor states within the spending review announced at the end of November that the coronavirus health emergency is not over and that the "economic emergency has only just begun".

National Context

2.9 The Chancellor has conducted the 2020 Comprehensive Spending Review (CSR) in unprecedented conditions as the nation continues to deal with the impact of the Covid-19 pandemic on people, the economy and public finances. The Treasury had initially planned to carry out a three year review, however, the 2020 pandemic has thrown public finances into such uncertainty that it opted for another single year review. The key headlines, for local government, as set out within the spending review include:

- forecasts from the Office for Budget Responsibility (OBR) show that the economy will contract by 11.3% this year, the biggest decline in three centuries;
- it will take until the end of 2022 for the economy to return to its pre-pandemic size;
- Welsh Governments core resource Departmental Expenditure Limit has risen £694m, an increase of 4.6% in cash terms. In addition, the Chancellor also confirmed additional funding in relation to Covid-19, which will provide an extra £766m. The extra cash means new funding for Wales will rise to £1.3 billion next year to deal with 'exceptional circumstances';
- the Chancellor announced that public sector pay outside of the NHS and the lowest paid would be frozen. However, uncertainty exists as he also acknowledged that Local Government had its own pay review arrangements and decisions on teachers, doctors and nurses pay in Wales will rest with ministers in Cardiff. Pay pressures remains a key budget risk, in particular as local council workers/ teachers work through some of the most challenging conditions to support their communities and vulnerable residents.

The Welsh Government budget was published on the 21 December 2020 with the Minister for Finance stating that the budget has been based on 'the needs of the people of Wales to deliver the fairest possible settlement for Welsh public services'.

Local Context

2.10 Local Government in Wales do not receive medium term funding allocations even though the sector has asked for this over many years. For the second year running, due to delays in concluding the UK spending review, the WG draft budget has been significantly delayed and this has unavoidably delayed the notification of Councils draft RSG, which makes up 76% of Council core funding.

2.11 In light of the above issues, this Council, like others, are planning in a void with no certainty on the level of funding they will receive over the medium term, and for the following year didn't receive the allocation until recently. The settlement dates were/ are as follows:

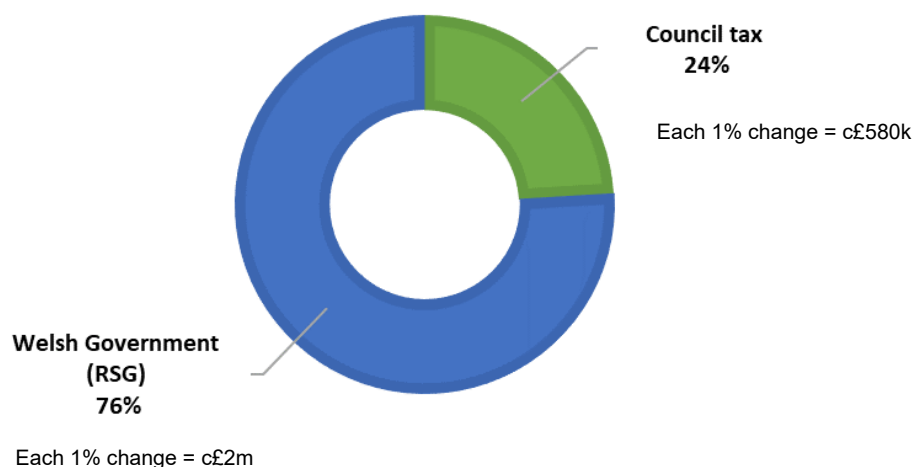
22 December 2020	Provisional local government settlement for 2021/22 published
2 March 2021	Final local government settlement for 2021/22 published

2.12 The outcome of this announcement has been pivotal to agreement of the Council's 2021/22 draft budget as this accounts for the largest part of council's funding, and the 5.48% uplift is welcome and has enabled the Council to deal with a number of pressures, including a number that will assist in reducing the budget gap over the medium term. This funding is provided through a non-hypothecated grant – the Aggregated External Finance (more commonly referred to as the "Revenue Support Grant"- RSG). In addition to this, other grants provide funding for specific purposes. The scale of the budget challenge is very sensitive to changes, both current and future, to RSG funding as shown in table 5. Less than a quarter of a councils funding is raised through local council tax, representing a small proportion of funding that is under the councils own decision-making. Given the above scenario in Wales, there is a relatively weak connection between individual Council's own decision-making on spending priorities / pressures and its ability to raise the funds required to meet that. Consequently, the lack of medium term funding from this source adds to uncertainty and challenges in financial planning.

2.13 In Newport, the RSG funding makes up 76% of its net budget, with council tax at 24%. As the RSG makes up such a large proportion of the councils budget, what happens to this grant is

crucial, as any reductions cannot be easily offset by an increase to council tax. For example, it would take a 3.5% increase in council tax to offset a 1% reduction in the RSG.

Chart 1: Newport Council funding sources – 2020/21



- 2.14 The headlines of the draft settlement received on the 22 December confirms:
- Whilst WG core resource Departmental Expenditure Limit has risen by £694m in 2021/22, an increase of 4.6% in cash terms, core budget for day to day spending per person in 2021/22 will remain more than 3% lower in real terms than in 2010/11;
 - £766m additional funding in Wales for Covid-19 next year which is far below the £5bn allocated to Wales this year;
 - An increase of £10m to the social care workforce grant in 2021/22 to £50m to support the delivery of sustainable services and sustainability of the workforce;
 - £176m to support pressures on schools and social services;
 - A further £40m to support the Housing Support Grant, over £20m to meet sixth form and further education demographic pressures;
 - £58.6m (£30.6m revenue) in flood and coastal defence;
 - Additional £3m revenue to support our high streets, and town and city centres recognising the important contribution they make to the economy;
 - An additional £13.4m to support children and young people, including £8.3m for curriculum reform;
 - Extra £40m investment in education infrastructure, including £5m for the net-zero carbon schools pilot and boosting active travel funding by £20m, and providing a total investment of £274.7m in rail and metro.
- 2.15 Overall, the draft RSG was positive compared to previously modelled assumptions, and confirmed that the council would receive £240,796k for 2021/22. After allowing for new specific grant transfers into the RSG, this is a cash increase of £12.5m (+5.48%) from current funding, compared to a Welsh average of +3.8%. There remain a number of uncertainties around specific grants; however, these should be confirmed between this report and the final settlement from WG early March 2021.
- 2.16 A key contributing factor to the significant growth in Newport's RSG is due to the correction and rebasing of population data for authorities, which drives a significant amount of the share of the overall core funding for Local Government in Wales. Newport's population growth estimates have been under-estimated and whilst over the last few years, while being one of the better off Councils in terms of annual RSG uplift, was still lower than it should have been. Like the current 2020/21 financial year, Newport's RSG change for next year is the highest across Wales, due to it having the fastest growing population. This comes with pressures on budgets as noted above, in particular on our schools. The distributional impact of this correction is estimated to have contributed around £4m to our overall increase as noted above.

- 2.17 The Council's final RSG settlement will be announced on 2 March 2021. Apart from late transfers of specific grants into/ out of the final settlement, which are 'neutral' in their impact, the main changes would usually come from Council's confirmation of their individual 'tax bases' – i.e. the number of Band D equivalent properties. The late draft settlement has meant that any adjustments required to allow for the 'equalisation' process for council tax base has already been included, which usefully takes away that particular uncertainty in the final settlement. At this point therefore, we will be assuming that the final grant settlement will not change from the draft other than for 'cost neutral' issues.
- 2.18 The Head of Finance (HoF) has set the tax-base for 2021/22 and it will increase by 0.4%, which is similar to the all Wales average over the last two years. This council tax base is net of a decrease of 0.4% in collection rates reflecting the historical and current increasingly challenging task of collecting council tax income, which will increase further due to the ongoing economic uncertainty. This is consistent with all Councils across Wales and given that Newport's budgeted collection rates continue to be one of the highest in Wales the impact of the pandemic on collection has been particularly challenging and will continue to be reviewed. Council tax 'equalisation' is a key feature of the Local Government grant settlement process and provides some challenges to those Councils, like Newport, who have significant cost pressures resulting from housing and population growth. The impact on the RSG funding for Newport council this year is a reduction of £286k from this.

Implementing the Corporate Plan

- 2.19 The Council's business and financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans for the future under our mission of 'Improving Peoples Lives'. This provides a focus for decisions around spending and will direct activity across the council.
- 2.20 The current medium term financial projections included in appendix 9 and the detailed budget investments in appendix 1 includes funding for the key priorities and promises set out in the plan, as needed. The Council has yet to develop a 'strategic change programme', which outlines the key areas and initiatives, which will guide services and the Council in the future to deliver sustainable services. Such a programme's financial impact would be reflected in the Council's MTFP, contribute towards delivering a balanced / sustainable medium term financial position, and is recognised as a priority throughout the organisation.

3 Financial planning assumptions

- 3.1 Whilst the above section highlights challenges for this and other Councils in carrying out effective medium term financial planning, it nonetheless needs to be completed. Clearly, a number of important assumptions are required in order to do this. This section deals with the key areas affecting the MTFP and the budget for next year. These are:

- the impact of increasing costs and demand on the Councils budget;
- the impact of the Councils significant capital programme on its need to increase borrowing to fund that and resulting increased revenue costs to pay for that;
- the impact of increased costs in the Councils schools budgets, and in particular from new/ growing schools;
- Council tax funding which makes up 24% of the Councils core funding and is the only element of funding controlled by the Council.

Increasing costs and demand

- 3.2 Financial pressures and demands on our services have increased over a number of years and this increase is projected to continue. The main issues include:
- inflationary cost increases – of the council's £300m net revenue budget, over three quarters of expenditure relates to pay and contracts subject to inflationary increases year on year and whilst a one year pay freeze was announced by the Chancellor in the UK spending review,

he has confirmed that Local Government has its own pay review arrangements. In addition, WG decides on teacher's pay in Wales, advised by a pay review body and a stated commitment to at least match any pay increase in England. This is a high risk area of the budget and therefore provision in pay budgets for an inflationary increase has been made for 2021/22 (and future years) but the extent to which what, if any, of it will be required in 2021/22 will not be known until well into the Spring 2021.

- significant increases in demand led services – specifically social care;
- cost of new and growing schools, linked to the continued growth of the city.

3.3 Unavoidable pay and inflationary cost increases, excluding schools, equate to £5,196k in 2021/22 and £19,482k over the four-year period to 2024/25, based on current planning assumptions.

3.4 In addition to these cost increases, the council has also seen a significant increase in demand led service pressures since 2015/16. Whilst independent fostering continues to forecast overspends against budget there are also two other areas facing significant demand and will continue to be monitored closely:

- Independent fostering £373k overspend
- Emergency placements £493k overspend
- Leaving care £354k overspend

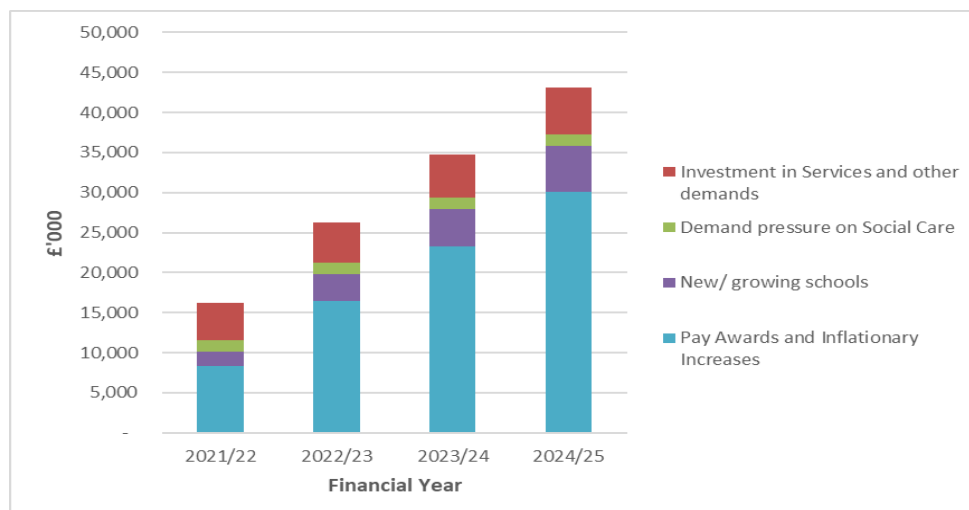
3.5 During 2020/21 these three areas alone are contributing over £1.2m to service area forecast overspend. Despite investment in independent fostering agency placements in 2020/21, demand continues to accelerate beyond the budget available. As a result of the demands in key areas, specifically emergency placements, investments in areas across children's social care are proposed within 2021/22 to support the level of demand that is being experienced and to ensure a robust and deliverable budget.

3.6 Detailed demand models for social care have been included within appendix 6 and form the basis of the investments proposed for inclusion within the medium term projections.

3.7 For 2021/22 specifically, the council is currently planning to invest almost £8m in the draft budget over and above an allowance for pay and pricing inflation. More details on proposed investments are included in appendix 1 and some of the key items include:

- £1,848k investment in school budgets
- £1,476k for increasing demand in social care demand for both children and adult services
- £305k investment to deliver the promises set out within the Corporate Plan such as the delivery of digital aspirations and a new household waste recycling centre

Chart 2: Cumulative pressures up to 2024/25 by source



- 3.8 The financial pressures facing the Council continue to increase significantly over the four-year period. Despite Newport receiving a favourable settlement in recent years even with different and more optimistic funding assumptions in the future, the budget pressures remain higher and savings therefore are likely to be needed. The following table illustrates the cumulative funding assumed over the 4 year period compared to the investment required for the council to achieve a 'stand still' position i.e. investments for unavoidable pay and pricing inflationary increases and committed investments for new and growing schools – things that the council have no choice over. This confirms that savings of over £3m are required over the life of the MTFP before taking account of additional investment to support demand in social care and to deliver corporate plan promises.

Table 1: Savings requirement over the medium term to achieve 'stand still' position

MTFP Summary	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
RSG Increase +5.58% in 21/22, +1.85%, +1.18% and 1% thereafter	(12,719)	(17,016)	(19,771)	(22,121)
Council tax increase	(2,956)	(5,390)	(7,922)	(10,555)
Change in Income	(15,675)	(22,406)	(27,693)	(32,676)
Standstill/ committed pressures	10,133	19,804	27,931	35,854
Cumulative savings requirement (before non-pay and pricing investments)	(5,542)	(2,602)	238	3,178

- 3.9 As can be seen, the increase/ change in RSG funding has a significant impact and provides significant increased funding to potentially reduce savings required. Notwithstanding this, in the context of what might actually happen given no medium term funding certainty and what might happen to public service funding over the medium term as explained above, it is important that the council continues to carefully review all budget pressures/ investments and that services operate in such a way as to managing/ minimise demands to the extent possible.

Capital programme and financing / Cardiff Capital Region City Deal

- 3.10 The capital expenditure undertaken by the Council gives a long-term and fixed commitment to fund the associated revenue costs for the provision of the repayment of that borrowing (Minimum Revenue Provision (MRP)) and interest costs – together called 'capital financing costs'. The current Council's capital financing costs make up for almost 7.8% of the net revenue budget, which is high when compared to other Welsh local authorities. The MTFP period includes £3,088k of pressures for the increasing cost of capital financing due to the borrowing required to complete the Council's current capital programme, ending in 2022/23. The Council's very significant capital programme in its commitment to improving the city and its infrastructure requires a significant increase in borrowing with the associated increase in costs outlined above.
- 3.11 The Capital Strategy, which details the capital programme and the long-term impact of capital expenditure, is approved by full Council, alongside the budget report setting the Council Tax level.
- 3.12 Within the capital programme is the Council's contribution to the Cardiff Capital Region City Deal (CCR). The CCR is funded by both UK Treasury and its ten constituent Councils and for the latter; a total 'funding envelope' was agreed over its life.
- 3.13 The Council's contribution to the City Deal was agreed by full Council in 2017/18. Newport City Council contributes just under 10% of the Local Authorities contribution to its overall funding. Whilst this Council, like others, has medium term capital programmes, this is the one individual project within it, which spans over multiple programme periods and the funding commitment for this goes into 2035/36. Funding is made up of two aspects:

- making capital funds available to the CCR. This will incur capital financing costs of MRP and Interest for this Council as it will need to 'borrow' funds itself to pass it on to the CCR
- making capital funds available in advance of UK Treasury funding. In this respect, this Councils capital financing costs is just the interest element, as borrowing will be reimbursed when funds are made available by Treasury in line with current agreements.

The CCR latest business plan requires accelerating proposed funding in order for them to increase spending at an earlier date than previous estimates given. This Councils contribution therefore have been pulled forward and capital expenditure of £8.2m is required to 2022/23 and a further £17.4m is required across the life of the MTFP to cover capital funds in advance of UK Treasury funding. This is estimated to have brought forward revenue costs into the current MTFP of c£500k.

Schools funding

- 3.14 The current position provides for a cash increase for the overall school budget. This has been developed within the context of significant uncertainty around teacher's/ non-teaching staff pay from September/ April 2021 respectively. As pay is the most significant cost heading within school budgets, any funding decision needs to be informed by any change to this. Whilst the UK Chancellor indicated there would be no pay increases for this part of the public sector, the Council is taking a prudent view and making provision within these budget plans for a pay increase from September 2021. The Welsh Government were explicit in informing Councils that the draft funding settlement would need to fund any pay increases. The actual change in pay is a matter for the relevant Welsh Minister, informed by an independent pay advisory body and Councils will have no choice but to implement.
- 3.15 The draft budget makes provision for schools to receive investment of up to £4,937k in 2021/22, which represents a 4.6% growth in schools budget. This is based on an assumed level of inflationary pay award increase as noted above plus the additional costs of new/ expanding schools as the table below shows. In this respect, it represents a 'standstill increase in budget' and fully funds the pay increase (to that assumed) and new/ expanding schools. It is proposed that all of the budget increase provision will be added to the 'Individual School Budgets' with the exception of the allowance for the pay award increase, which will be considered by Cabinet when a final figure is known/ agreed, up to the value of the budget provision made. The intention of fully funding cost increases in the school budget sector remains.
- 3.16 The context for this proposed funding is the challenging financial management position within schools. Throughout the 2020/21 and previous two year financial years in particular, the level of in year overspending at schools has been highlighted as a risk. However in the latest monitoring position, schools are forecasting to be underspent against budget, mainly due to the impact of Covid-19 which has seen many schools closed/ substantially closed for prolonged periods and specific costs reimbursed. Excluding the temporary impact of this current situation, their baseline / core position continue to be a significant area of concern given that £2.7m has been transferred from schools reserves over the last 2 years to fund overspending on their budgets. Current projections of £542k underspending would see reserve balances increase to £1,655k, which based on previous financial positions is not a sustainable position. Officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend.
- 3.17 Whilst the proposed budget increase seeks to fully fund the cost increases in the school sector, it represents a 'standstill' budget increase. Therefore, it is not sufficient to deal with the extent of accumulated deficits in schools at this time and therefore schools will need to find robust solutions to ensure they manage within available budget and repay these accumulated deficits. This resolution is critical as current spending levels in schools is not sustainable and has the potential to cause a significant and adverse impact on the councils overall finances if it continues as previous years.
- 3.18 Assessed budget pressures in school budgets over the life of the MTFP amount to £16.4m based on current assumptions on teacher's pay and new/ expanding schools costs. These will, like

other MTFP assumptions, need to be reviewed regularly and any actual proposed funding increases confirmed through the budget process.

Table 2: School budget pressures 2021/22 to 2024/25

	2021/2022	2022/2023	2023/2024	2024/2025
	£'000	£'000	£'000	£'000
Teaching staff - pay award - 2.75% Sept 2021, 2% thereafter	1,398	1,285	960	986
Teaching staff - increments	712	605	489	375
Non Teaching school staff - pay award - 2% per annum	642	659	674	688
Non Teaching school staff - increments	165	101	82	42
Contract & Income Inflation	172	179	186	194
New and growing Schools	1,115	865	846	1,050
Secondary School Transitions	733	682	463	25
	4,937	4,375	3,700	3,360

- 3.19 Final allocations of specific grant are yet to be determined across the Education Achievement Service (EAS) region. Officers will assess these allocations once confirmation has been received.
- 3.20 Whilst it is recognised that schools have experienced significant financial challenge, school funding in overall terms is better than other parts of the council, and has increased by 19% over the last 5 years. This includes specific grants and is shown in the table below.

Table 3: School budgets by sector – 2015/16 to 2020/21

Year	Nursery £'000	Primary £'000	Secondary £'000	Special £'000	Total £'000
2015/16	519	52,924	47,480	3,724	104,647
2016/17	494	54,627	48,619	4,040	107,780
2017/18	512	54,959	47,505	4,247	107,223
2018/19	562	57,396	47,497	4,773	110,228
2019/20	496	58,492	49,619	5,091	113,698
2020/21	484	64,118	54,851	5,144	124,597

Increase in funding over 5 year period (incl. specific grants)	19%
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Increase in funding (excl. specific grants & delegations)	24%
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Council tax

- 3.21 It is well documented that Newport's council tax is low compared to others in Wales, generating 24% of our income. This council's current year budget is well below its 'standard spending assessment', a relative spending needs assessment between all Welsh councils, by £9.2m, which is almost entirely due to our low level of council tax funding. If Newport's council tax were set at the average rate in Wales this would generate additional income of £8m.
- 3.22 A base 4% increase in council tax is already included in our MTFP each year. This year, the draft budget proposals include an additional 1% increase to council tax in 2021/22 (appendix 2 & 5) bringing the proposed increase to 5%. This is subject to consultation and a final recommendation to Council on the council tax level and will be confirmed in the Cabinet's February 2021 meeting.
- 3.23 For contextual purposes, the table below shows the weekly increases in council tax based on a 5% increase. Given the low starting point on Newport council's tax, it will still be lower than most (if not all) of the neighbouring authorities, even at a 5% increase and the actual monetary increases in tax are low in themselves. Newport City Council proposed tax increase would maintain its position as one of the lowest in Wales.

Table 4: Scenarios illustrating weekly council tax increases

Band	A	B	C	D	E	F	G	H	I
Annual increase based on 5% increase	£39.93	£46.58	£53.24	£59.89	£73.20	£86.51	£99.82	£119.79	£119.79
Weekly increase based on 5% increase	£0.77	£0.90	£1.02	£1.15	£1.41	£1.66	£1.92	£2.30	£2.30

3.24 Given that over half of Newport’s chargeable properties are banded A – C the majority of households would see an increase of between £0.77 and £1.02 per week based on a 5% increase.

Summary of key budget assumptions

At this point, the following assumptions are included.

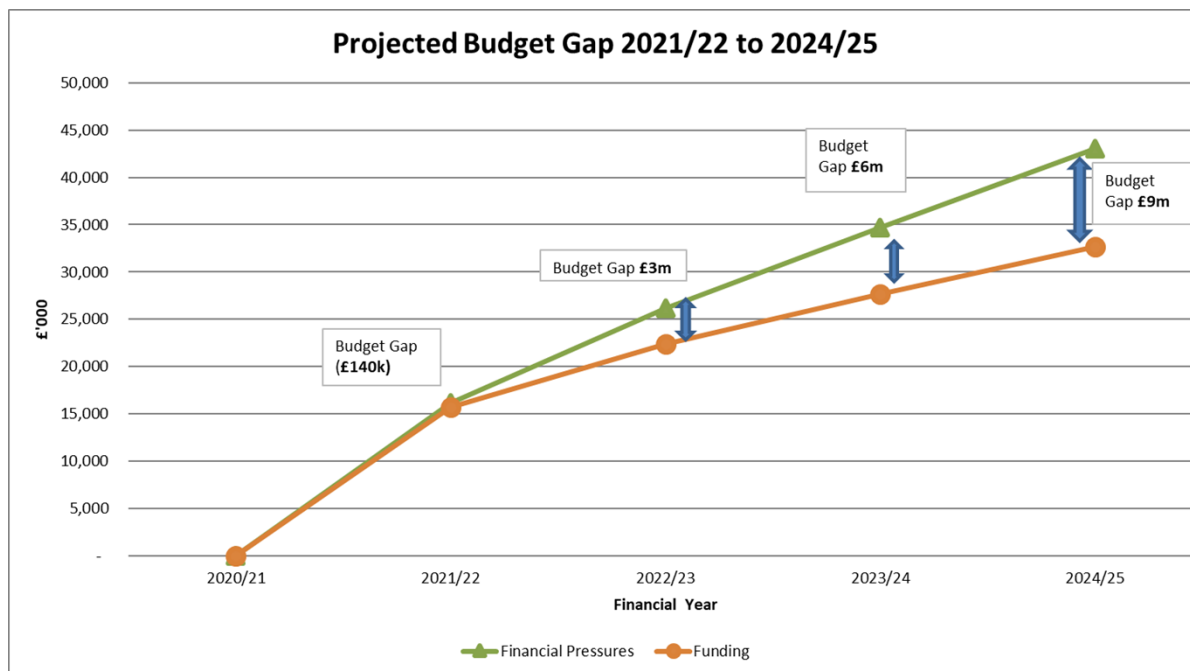
Table 5: Summary of key assumptions

MTFP Summary	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000
RSG Increase +5.58% in 21/22, +1.85%, +1.18% and 1% thereafter	(12,719)	(4,297)	(2,755)	(2,350)
Council tax increase +5% in 21/22 and 4% pa thereafter	(2,956)	(2,434)	(2,532)	(2,633)
Budget pressures/ investments (appendix 1)	16,184	9,959	8,519	8,398
Previously agreed budget savings (appendix 4)	(649)	(563)	0	0

Resulting budget gap and sensitivity of assumptions

3.25 In summary, the following chart shows the impact that the above assumptions lead to in terms of the Councils medium term financial gap projection.

Chart 3: Projected budget gap 2021/22 to 2024/25



3.26 Clearly, the gap is based on assumptions, listed above, over the life of the MTFP. In light of the final settlement received on the 2 March 2021, Cabinet will need to consider and review key funding assumptions over the medium term.

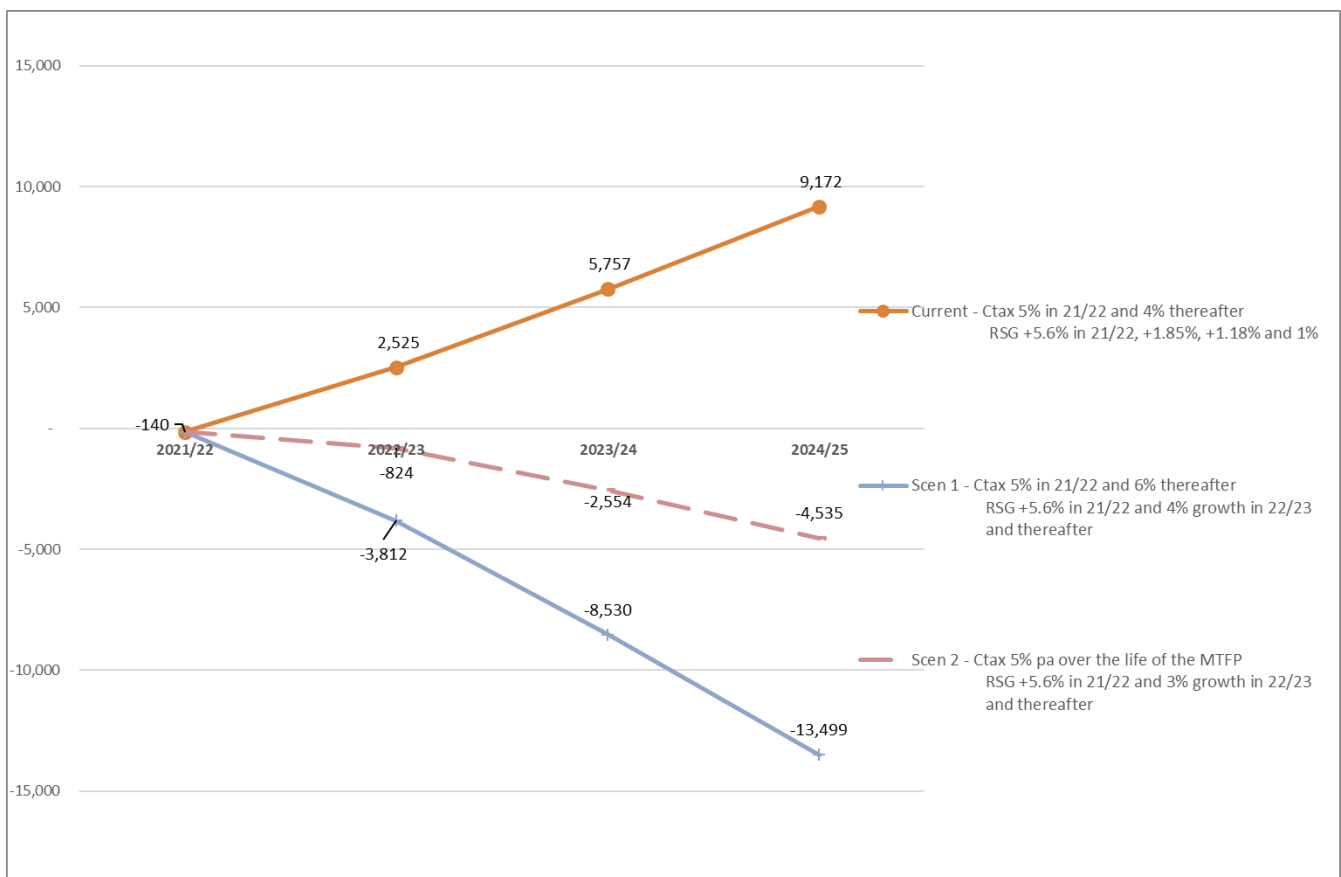
3.27 The HoF will continue to work with the corporate management team and Cabinet to develop the budget strategy over the medium term, however, some of the key issues, currently, are:

- on-going financial issues on school budgets;
- increasing demand within service areas over and above provision already made within the MTFP;
- increasing costs of funding the Council’s increasing levels of planned debt, linked to its substantial capital programme and the reduction in its ‘internal borrowing’ capacity
- uncertainty around future funding from WG;
- on-going impact of covid-19 and subsequent economic recovery;
- Brexit.

Sensitivity analysis

3.28 As table 5 above confirms, the budget gap is significantly affected by funding assumptions - the WG grant and council tax increases projections. The graph and table below show the sensitivity that the council faces in respect of these.

Chart 4: Sensitivity analysis – budget gap based on RSG and council tax assumptions



3.29 The table below shows how sensitive each of the variables are to changes in assumptions. The key elements within the medium terms projections, which also have the greatest level of sensitivity, include RSG funding, council tax increases, pay and contract inflation.

Table 6: Sensitivity analysis – key projections

RSG Sensitivity	£'000
RSG growth +/- 1%	2,281
Council Tax Sensitivity	
Council tax change +/- 1%	578
Pay Sensitivity	
Pay inflation - NJC staff +/- 1%	1,024
Pay inflation - Teachers and soulbury +/- 1%	519
Contract Inflation Sensitivity	
Contract inflation - +/- 1%	1,245

4 Budget savings

- 4.1 The draft proposed savings identified for 2021/22 to date total £3,360k. The table below provides a summary of the savings by decision over the 4-year planning horizon.

Table 7: Summary of projected savings

Savings Decision Type	2021/2022 £'000	2022/2023 £'000	2023/2024 £'000	2024/2025 £'000	Staff Impact FTE
Budget savings for full Cabinet decision (appendix 2 & 5)	924	239	0	0	24.09
Budget savings delegated to officers (appendix 3)	1,787	19	0	0	6.9
New Budget Savings	2,711	258	0	0	31.0
Previously agreed budget savings (appendix 4)	649	563	0	0	0.0
Total Budget Savings	3,360	821	0	0	31.0

- 4.2 Under the constitution and our scheme of delegation, the Cabinet takes some budget decisions collectively. These proposals total £924k for 2021/22 and £1,163k over the life of the MTFP. Some lower level, operational and efficiency type budget proposals are delegated to Heads of Service for decision and implementation. These proposals, totalling £1,787k for 2021/22 and £1,806k over the life of the MTFP are listed in appendix 3.
- 4.3 In previous years, only those proposals requiring Cabinet decisions were subject to public consultation. This process was changed last year and an impact-based approach adopted whereby each proposal is considered on a case-by-case basis, regardless of where the decision approving the saving is taken. The list of new savings in appendix 2 and 3 identifies if the proposal is subject to public consultation or not. Regardless of their categorisation, the normal protocols for staff, unions and any other required consultation are being adhered to in respect of all savings.
- 4.4 The savings already agreed in the February 2020 MTFP are either in progress of implementation or due to be implemented in 2021/22. The pandemic has had an impact upon delivery in some areas therefore delaying the implementation to 2021/22. No further details are shown for these savings, as they have already been approved.

Fairness and Equality Impact Assessments (FEIAs)

- 4.5 All budget proposals have been reviewed against our Equality and Welsh language duties, and, where appropriate, have had an initial Fairness and Equality Impact Assessment completed. The initial FEIA identifies potential negative or positive impacts in relation to protected characteristics,

as defined by the Equality Act 2010, and on Welsh language. These FEIAs will be further informed as a result of public consultation, and developed in line with the new Socioeconomic Duty, coming into force on the 31 March 2021. FEIAs for all proposals requiring one can be found [here](#).

Medium term strategic change

- 4.6 Whilst good progress has been made on the 2021/22 budget, challenges remain over the medium term, even with more optimistic assumptions around funding as the sensitivity analysis above shows. In particular, significant spending pressures remain to be tackled, particularly in Adults and Children's social care because of growing demand. Containing and then reducing such pressures will require a whole council response, and the active collaboration of our partners such as health services, as part of our new longer-term strategy in going forward.
- 4.7 The success of this longer-term approach will depend on the councils starting with a stable financial platform, and the budget proposals and draft budget set out in this report are designed to do this. A key element of this is taking a longer-term strategic view on how funds are deployed to contribute towards sustainable services, as well as meet priorities. Proposals for major change in service delivery will be considered early in the New Year and will include the need for investment in service redesign, new technological tools and the re-skilling of our staff at all levels to improve productivity and job security.

5 Budget process and consultation

- 5.1 This report presents the draft proposals for the 2021/22 budget. The report asks Cabinet to note:
- the position on developing a balanced budget for 2021/22, acknowledging that the position will be subject to ongoing review and updates;
 - agree that delegated decisions in appendix 3 will be implemented with immediate effect;
 - in addition, where appropriate that all proposals have had an initial Fairness and Equality Impact Assessments completed.
- 5.2 The report also asks Cabinet to agree a series of proposals for public consultation. This includes:
- budget savings proposals in appendix 2 (summary table) and appendix 5 (detailed saving proposals);
 - proposed fees and charges in appendix 7;
 - the position regarding the proposed school funding for 2021/22 in section 3.

Budget engagement

- 5.3 As part of the budget engagement strategy there has been a targeted engagement approach with members of the public to inform budget priorities for the next three years. This will help with budget and service planning. However, the outbreak of Covid-19 and subsequent restrictions in 2020 has meant that the usual pre-budget engagement activities have not been possible. For example, outreach engagement work and events like the over 50's information day were cancelled and bus Wi-Fi surveys were suspended whilst passenger numbers dropped considerably. Instead, engagement resources have focused on ascertaining which services have been most important in supporting households and the wider communities. Community engagement sessions were held with eight of the groups worst affected by Covid-19 as identified in the community impact assessment. This focused engagement will inform the budget setting

process as Covid-19 looks set to shape Council strategic and financial planning at least for the medium term.

- 5.4 As the usual budget engagement mechanisms were not available, the Council has pursued innovative ways to strengthen the resilience of communities whilst involving them in financial decision-making. A participatory budgeting project in partnership with Aneurin Bevan University Health Board is currently underway. This will allow the communities who have been worst affected by Covid-19 to decide on the allocation of £100k funding (provided by ABUHB) to put in place additional services, support and projects.
- 5.5 In recent years (before 2020), there have been a series of outreach engagement sessions with communities across public venues including Newport Central Library and Newport City Council Information station. Officers have attended these venues and using an engagement tool have captured the views of residents to gain an understanding of how the public perceives the Council and how the authority uses its budget. Primarily feedback has focused on livability issues including community safety, recycling and lighting. The findings of this engagement remains relevant and an important evidence base to inform budget planning for 2021/22.
- 5.6 Seeking to capture and understand the opinions, needs and suggestions of the public, specific service users and other stakeholders has been an important part of the Council's budget setting process in recent years. Each year the budget is informed by extensive consultation, which allows our knowledge and understanding to grow over time. Over the last four budget cycles, we received almost 20,000 responses from the public with over 3,800 in the last financial year alone. It, however, needs to be recognised that for 2021/22, this level of response will not be possible because of social distancing and further restrictions on public gatherings and travel continue to take effect.
- 5.7 In addition to external public consultation, proposals will be reported to Scrutiny Committees, the Fairness Commission, Youth Council, older people's forums, Unions, Schools Forum and Third sector/ Business community throughout January. As already noted, further work is required on the Council's Corporate Plan, Change programme and proposals to balance the overall MTFP both in total and over individual years.
- 5.8 A second budget report will be presented to Cabinet on 22 February 2021. This will ask Cabinet to agree its final proposals for the 2021/22 budget and the resulting recommended level of council tax to fund that. The February report to Cabinet will include:
- the results of the public consultation process;
 - any updates from Welsh Government about future grant settlements
 - any emerging details on specific grants, which have financial implications.
- 5.9 Setting the council tax level and resulting total net revenue budget is the responsibility of full Council, so Cabinet's recommendations will be presented to the Council meeting on 3 March for approval and adoption.
- 5.10 Below is this year's timetable for consulting on and approving the 2021/22 budget:

Table 8: Budget consultation timetable 2021/22

Cabinet agrees budget proposals as a basis for consultation	8 January 2021
Consultation period	8 January 2021 to 12 February 2021
Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council	22 February 2021

6 Risk, financial resilience and performance

- 6.1 A key driver in our budget strategy and MTFP framework is the need to manage the Councils general and financial risks, its financial resilience and performance. This next section looks at these issues and identifies how they are dealt with, whilst considering how they influence the councils 2021/22 budget and medium term projections.

Risk

- 6.2 The Council maintains a corporate risk register, which is regularly reviewed by the corporate management team and Cabinet, as well as the Audit Committee from a procedural/ risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required.
- 6.3 The quarter 2 corporate risk register reported to December Cabinet identifies 11 severe risks some of which are linked to the issues set out within the economic context of this report. In some cases, it is increasingly difficult for the Council to effectively prepare and quantify the financial impact of some of these risks until outcomes are known. There are a number of risks identified in the risk register that to fully mitigate would be unaffordable i.e. highways asset backlog maintenance. In these cases, the risk is identified and the Council will provide adequate budgets based on risk based assessments and will lobby WG to provide more funding in these areas, as these risks are not unique to Newport. These areas do, however, continue to be monitored closely to ensure that where information is available these risks are considered and where appropriate factored into the councils financial planning.
- 6.4 Two current risks with significant uncertainty are Brexit and the Covid-19 pandemic:

Covid-19

During 2020/21, external support from WG in the form of the hardship fund has seen loss of income and additional costs relating directly to the pandemic being reimbursed. It is hoped that key elements of the hardship fund will continue into 2021/22 to support the ongoing pressures and subsequent recovery of income. There are currently no pressures factored into the MTFP for Covid as the ongoing projections remain so uncertain.

Brexit

Whilst there is an acknowledgement that any trade negotiations are likely to result in increasing tariffs the impact on costs to the council are unknown at the time of writing.

In both of these cases, whilst the financial impact remains unknown the councils financial resilience set out in appendix 8 provides mitigation in the form of a good level of reserves and the general contingency budget. As we progress with discussions over the next few months, it is hoped that any potential impact will be known with greater certainty and the medium term projections updated.

- 6.5 Appendix 11 sets out the current risks included within the register. Key mitigation includes the Council's (i) revenue contingency budget (ii) 'Invest to Save' reserve to support and fund implementation costs of the current and future change programme, and (iii) capacity to develop the strategic and change programmes to meet the corporate plan within financial context. At this

point, the Council's finances and reserves provide the financial capacity to deal with the current risks identified.

Financial Resilience

6.6 A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and appendix 8 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council at this time. Key headlines include:

- The council maintains a good level of reserves with the vast majority earmarked for specific purposes and already committed. The contingency base budget and other risk reserves held by the council are taken into consideration when assessing the level of the general reserve, and help to mitigate the risk to the Council. The decline in school reserves over the last few years is a concern and although current projections suggest a forecast of £542k under budget this is a result of lower than estimated costs due to Covid. The forecast underspend will see reserve balances increase to £1,655k at the end of this financial year but unless schools continue to manage within budget in future this has the potential to significantly impact on the financial resilience of the overall council. This will need to be considered between this meeting and the February 2021 meeting when the budget is finalised.
- The council has identified and continues to monitor budget reductions of £4.5m in 2020/21. This is alongside delivering outturn within budget over recent years, despite the delivery of £35m savings over the last 5 years. This needs to be viewed within the context of continued significant demands which are faced by service areas namely children's social care and schools, which have been highlighted throughout the year as part of the budget monitoring process.
- Although the 2020/21 forecast is within budget the overspending position in some key areas is not sustainable in the longer term and is a risk should the level of investment in 2021/22 be insufficient to match demand.
- In light of the continuing financial pressures and demands placed on the Council further savings of at least, £13m need to be found by 2024/25 based on current assumptions. A strategic longer-term approach is recognised as being needed to deal with this given savings found to date over the last 5 years and more.

6.7 Overall, whilst there are some underlying issues and challenges, the Council's financial resilience remains strong and it has financial capacity to develop and change services in response to continuing pressure on funding and increased demand for services.

7 Report review and statutory comments

7.1 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?
Planning parameters around inflation are incorrect	M	M	<ol style="list-style-type: none"> 1 Use of contingency, where required 2 Use of reserves, where appropriate 	<p>Head of Finance</p> <p>SLT</p>
Planning parameters around Welsh Government revenue grant	H	M	<ol style="list-style-type: none"> 1. Use of contingency, where required 2. Keep the assumptions under constant review 	Head of Finance

are incorrect over medium term			3. Use of conservative assumptions	
Increasing budget pressures over medium term	M	M	<ol style="list-style-type: none"> 1. Manage demand, where possible 2. Keep MTFP under constant review 3. SLT review of all budget pressures within MTFP 	SLT

* Taking account of proposed mitigation measures

7.2 Links to Council Policies and Priorities

The overall aim of the budget and MTFP is to ensure resource allocation is based on priorities, supports the delivery of the Council's change programme and saving proposals and protects the financial health of the Council.

7.3 Options Available and considered

There are few options available as the Council is required to consult on its budget where decisions do not fall under delegated authority and therefore needs to agree the basis of its consultation.

7.4 Preferred Option and Why

To consult on the new medium term package to ensure that savings are deliverable from the earliest opportunity.

7.5 Comments of Chief Financial Officer

The key financial impacts are contained within the body of the report and Appendixes.

The main purpose of this report is to agree the budget investments and savings for consultation. Whilst specific budget savings have been identified for specific public and other consultation processes, he details of all individual investments and savings are either shown in detail or referenced in this report. Final decisions will be taken in the February Cabinet meeting, taking account of consultation responses and as always, the budget process will continue and develop over the consultation period, before finalisation in February. A Council Tax rate will be recommended by Cabinet at that point and reviewed/agreed by full Council in their early March meeting.

7.6 Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to approve the draft savings and investment proposals and council tax rate set out in the Report in order to recommend to Council a balanced budget for 21/22. Cabinet are also asked to agree to the draft budget proposals being submitted for public consultation, where the relevant business cases will have an impact on service delivery and are not operational matters delegated to Heads of Service. Cabinet will then take the final decisions on those business cases in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the budget for 21/22. The implementation of all the savings business cases are executive matters, with the exception of any consequential staffing proposals, which are non-executive matters delegated to Heads of Service. However, whichever decision-making process applies, all of the savings business cases have been the subject of fairness and equality impact assessments to ensure that the Council has regard to its public sector equality duties under the Equality Act and is also acting fairly in terms of the impact of the proposed changes on service delivery. In addition, where specific savings proposals require more focussed consultation with staff and key stakeholders, this will be carried out prior to the implementation of any proposed changes. Public consultation is also required to evidence that the Council has had due regard to the socio-economic duty which will form part of the equalities obligations as from 1st April 2021 and has considered what impact, if any, the savings and investment proposals may have on the socially

disadvantaged. Because the additional schools funding is specifically for any additional increase in teachers' pay, the recommendation is that the necessary funding should be ear-marked for this purpose but only paid over as part of the delegated ISB's if and when any additional pay increase is confirmed. The setting of the overall base budget and council tax rate for 21/22 is a matter for full Council as these are non-executive reserved matters under the Constitution.

7.7 Comments of Head of People and Business Change

The report outlines the proposals for Cabinet consideration in order to set a balanced budget for 2021/22 and also looking forward, with consideration of the medium term financial plan.

Proposals that have an impact on staff will be subject to the required consultation, and consultation with trade unions. As is the case each year when setting the budget, there is a conscious effort to minimise impacts on staff, whilst focusing on priority services and setting a robust and balanced budget. With the continued constriction of governmental funding and the increase in cost pressures, this becomes more and more difficult each year. Due to this the decisions presented for consideration and public consultation are often inevitably a difficult series of 'trade-offs' between service priorities.

In recent years, the business case process has further embedded the five ways of working expressed within the Well-being of Future Generations Act and the organisation has moved to the development of a broader equality impact process, which also includes the five ways of working, alongside protected characteristics and concepts of fairness (developed with the Newport Fairness Commission).

Public consultation on the proposals seeking Cabinet agreement will commence on 8th January 2021 and will run until 12th February 2021. Alongside the traditional paper based consultation process and on-line questionnaires, a bus Wi-Fi survey will be used, although the health crisis will preclude face-to-face consultation activity. As previous, the Fairness Commission will be asked to provide a consultation response.

7.8 Comments of Cabinet Member

The Chair of Cabinet, as Cabinet Member for resources has approved the report for consideration and approval by Cabinet.

7.9 Scrutiny Committees

The constitution requires that Scrutiny Committees be consulted on Cabinet's draft budget proposals.

7.10 Equalities Impact Assessment and the Equalities Act 2010

This is referenced in paragraph 4.5 of the report.

7.11 Children and Families (Wales) Measure

All proposals will be consulted on widely, as required.

7.12 Wellbeing of Future Generations (Wales) Act 2015

The Act is referenced in the report.

7.13 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.

Dated: 8 January 2021

Mae'r dudalen hon yn wag yn

Minutes



Performance Scrutiny Committee - Place and Corporate

Date: 18 January 2021

Time: 4.00 pm

Present: Councillors C Evans (Chair), G Berry, M Whitcutt, I Hayat, J Richards, M Al-Nuaimi and C Ferris

In Attendance: Meirion Rushworth (Head of Finance), Owen James (Assistant Head of Finance - Technical and Development), Amie Garwood-Pask (Senior Finance Business Partner (Budget Strategy)), Alastair Hopkins (Senior Finance Business Partner (Place & Corporate)), Paul Jones (Head of City Services), Rhys Cornwall (Head of People and Business Change), Tracey Brooks (Head of Regeneration, Investment and Housing), Gareth Price (Head of Law & Regulation) and Neil Barnett (Scrutiny Adviser)

Apologies: Councillors K Critchley

1 Declaration of Interest

None

2 Minutes of the previous meetings held on 5 November 2020 and 19 November 2020

The minutes of the previous meetings held on 5 November 2020 and 19 November 2020 were **accepted** as a true and accurate record.

3 2021-22 Budget and Medium Term Financial Projections

Attendees:

- Paul Jones – Head of City Services
- Rhys Cornwall – Head of People and Business Change
- Meirion Rushworth – Head of Finance
- Owen James – Assistant Head of Finance
- Amie Garwood-Park – Senior Finance Business Partner

Finance and Non-Service

Proposal 9 – N/A – Increase council tax increase from 4% base assumption by 1% to 5%

The Head of Finance gave an overview of the budget position which had followed a similar process to previous years. The budget gap was £4.1 million in September of last year. Officers had then looked at planning savings down to half a million by the time the settlement was brought forward, and so the budget was almost balanced at this point. Grant funding received just before Christmas was £9 million better than expected. Population numbers were used as a large part of this calculation and the numbers being used for Newport historically had been too low. This had now been corrected and so we had received more money this year. Also, rather than it being phased in, the grant was made in full which had

made it significantly better for the council this year. The final budget would be set in February following feedback received and considered.

Members asked the following:

- Members commented that the report states the Council is £9 million better off than anticipated, but also states that “given all of these challenges, at least another £9 million has to be found by 2025 based on current planning assumptions and projections. It was then asked if that £9 million has not obviated the necessity to find further savings and if we are still in a challenging position.

It was advised that Cabinet will decide what it wants to do with the additional settlements that we received this year. There are a number of future budget pressures and budget investments that are required and need to be considered in the budget. Assumptions have been made about what the settlements will be in those future years, and those assumptions need to be considered before February’s Cabinet meeting and Council in March.

The Head of Finance then advised that based on the on the 1% increase in our RSG each year, the 4% on Council Tax each year and the pressures that have already been identified in those future years, we still have that £9million . The second figure of £9million for future years are purely coincidental. It was advised that we are still in a challenging position.

For additional context, the committee were advised that within the draft Cabinet report, included was the Medium Term Financial Plan (MTFP) and the £9million is the budget gap for future year and around the Revenue Support Grant (RSG) plus 1% council tax each year. These are planning assumptions and not decisions at this point because it is in the future. The budget pressures that are identified in the MTFP for the future years lead up to that gap.

- Members commented on point 1.5 in the Cabinet report – **“The public sector has faced a prolonged period of real term reductions and funding levels for a number of years and core spending is still below 2009/9 levels, in real terms.”** Have we not really recovered from the 2008 crash?

It was advised that we still have not caught up. If we took our grant funding back then, and with rising inflation to where we are now, that would be our expected ground level.

- Members then queried point 3.16 in the Cabinet report – It alludes that there is hope of not allowing individual school reserves build up, but on page 48 it states that the decline in school reserves is a concern?

It was explained that school reserves have reduced significantly quickly over the last three years. There are 4-5 secondary schools that have individually large deficits. We are still on the positive side in school reserves but there are little left. There has been a underspend this year due to schools not physically being open because of Covid-19. Most of the Primary schools are overspending, but have positive reserves and will still do so after this year, but this is an area to keep an eye on. Members were also advised that there is ongoing work being done with deficit schools to ensure that they are bringing forward recovery plans. The draft Budget is planning to fund next years schools cost increases. The cost next year is uncertain but the intention is to confirm when it is known.

- Members asked for clarification in point 3.15 of the Cabinet report that states the draft Budget makes provision for schools to receive investment of up to £4.9 million, which represents a 4.6% growth in the schools budget. Is this a significant increase? Members then queried about the level of the budget compared to past years which had reduced from not increasing council tax and due to austerity, and asked if this was the reason we are currently behind.

Members were advised that it is a significant increase. The Head of Finance did not have the figures, but we have seen the settlements either reduce in cash terms or increase by not keeping up in real terms, which has been a problem. It is also linked with demand increases and budget increases from a growing city, such as new schools and demand for more social care. The grant funding is not increasing enough to cover the budget demands. It was also clarified that council account accounts for 25% of the council's funding, the RSG is the main issue.

- It is proposed to raise council tax by 5%, with the announced settlement we would still be in benefit if council tax was not raised. Would the Head of Finance advocate this, or is it not economically prudent?

Members were advised that this decision would be down to Cabinet. From a finance perspective, the Head of Service advised that Newport has lower council tax than almost all of Wales. Missing a year of increase would be problematic as it would take a long time to catch up.

- Members queried Objective No 10 on page 199 in the Cabinet report – **“Work with partner agencies and 3rd sector to provide advice and assistance to those with debts and financial problems.”** Is the service area confident that this action will be completed by the 1st March 2021 end date, and with some of the extra money to invest, could it be used to engage with people that do not normally face financial worries due to loss of income?

The Head of Service advised that this relates to council tax arrears, and for residents who contact us regarding their arrears, the Revenues Team make sure that where appropriate, they get referred to agencies such as Citizens Advice Bureau. Residents are also made aware of the council tax reduction scheme and how to check if they are entitled.

The Chair thanked the invitees for attending.

City Services

Proposal 3 – STR2122/02 – Charges for non-household waste taken to Household Waste Recycling Centre (HWRC)

The Head of City Services advised that currently the Council does not charge for materials under the waste regulations, but are allowed to charge for certain types of wastes. The proposal is to introduce a small charge for two items of waste, tyres and plasterboard.

Members asked the following:

- Members advised that they receive numerous complaints about tyres being dumped in their ward and it seems to be a problem throughout the city. Comment was then made that imposing a charge to take tyres to the HWRC might not be a wise thing to do as it could increase fly tipping.

Members were advised that if tyres are not charged at the point of disposal, then they are being paid for from their council tax. It is deemed that this is a fairer charge towards those who are disposing of more tyres. In terms of fly tipping, the Head of Service advised that it is mostly people that are involved in other forms of crime, such as white vans that charge to dispose of waste but do not have a proper duty of care. The Head of Service then advised the committee that there has been a lot of work this year in terms of surveillance and prosecution for flytipping, which will feed into next year.

- Has the additional waste and fly tipping that has been accumulated during lockdown created any additional pressures on the budget for the way services we are running?

Members were advised that waste that was usually produced in work is now being generated at home, so the Council have to provide more resources to do those collections. It has not put a strain on refuse collections as the most of the increase are recyclable materials, however extra food waste in particular has put a strain on the budget. The budget proposals that have been drawn together are under the assumption that at some stage life will return to normal, which could take a year or more but it is a risk if the patterns do stay the same, as domestic collections require more resources.

- Concern was raised about extreme weather events, which are happening more often. Are the service area confident they will have the capacity and financial ability to deal with this increased risk, and would more funding be needed?

The Head of Service advised that this is a challenge, especially for flooding. A concern is in terms of what council can do, and expectations from the public of what council can and allowed to do, can sometimes be greater than reality. Climate change has had a huge impact. Once we can maintain systems we have and carry along our current projections, we can look at making small improvements. It is not a budget issue as such, it is that often these events are point events. Members were then advised that the service area are always looking at ways to improve.

Proposal 4 – STR2122/05 – Streetworks – Increased Fees and Charges

The Head of City Services advised that this proposal is a specific significant increase for the fees and charges that utility companies pay whenever they dig up the road. This had been reviewed over the last two years and the proposal is to move the charges in line with neighbouring authorities. It will generate around £20,000 of income.

Members had no questions for this proposal.

Proposal 5 – STR2122/06 – Creation of pay and display car park Mill Parade

The Head of City Services advised Mill Parade car park was one of the few remaining highways car parks without a story. The service itself did not originally envisage as a saving, it was meant to try and resolve issues in the car park but it does generate income so it needs consultation. It was hoped that the proposal of the creation of a pay and display system would help resolve issues in the car park. The fees would be in line with the fees at Maindee car park.

Members asked the following:

- Comment was made that the charges may turn be a turn off for visitors, and asked if we could stay mindful where to ask people to park.

Members were advised that one of the issues for visitor to the Transporter Bridge Visitor Centre is there is nowhere to park, but this is an ideal place for visitors as it is so close to the centre. It would help free up space to use as a car park and stop it being used as a dumping ground.

Members queried if the first hour of parking could be free? The Head of Service advised that the savings are based on those charges.

Proposal 7 – New fees and charges within cemetery services

The Head of City Services advised the fees and charges come into two categories. The first is around public health funerals, which are funerals that the Council are legally required to undertake for people who have died and we are unable to track their family. Previous, this was outsourced to a private contractor but it is proposed for an operational change so the Council do those works ourselves. It will provide some savings but it is more operational and improving efficiency.

The second is a change of charges, as are there some that have not been updated in years. Example was given to the committee of test digging. This would be a small increase of income compared to other fees but it is listed to consulted as they effect the public They are relatively small income compared to the overall income generated from the cemeteries but listed to consult as they effect public.

Members asked the following:

- Members queried test digging and asked what happens if the Council's records are incorrect, somebody pays for the dig and then find out that there are 3 people in a grave, but there are only 2?

Members were advised that in those instances the charge would not be levied.

- Are the charges from the Council sent to the bereaved or to the funeral director?

Members were advised that it depends on the arrangement. Normally deals are arranged through the funeral director as a go between through people's insurance, but it can vary.

The Chair thanked the invitees for attending.

Regeneration Investment and Housing

Proposal 8 – RIH2122/04 – Information Station move to Central Museum and Library

The Head of Regeneration Investment and Housing advised that the decision to relocate the Information Station was taken previously, so this proposal relates to the savings associated with the move. The Council do not own the Old Station Building, it is owned by a company named Arch Co, and the Council have to pay rent for the Ground and First Floors. The savings made from not paying the rent have been taken to pay for the relocation works. The balance of the savings would be £117,000 by not paying the balance of the rent.

Members asked the following:

- Members were advised that the decision to relocate the Information Station was made in 2019 and is already tied up with the idea that we use the Ground and First Floor as an incubation type networking hub, so this in process of being delivered as a regeneration project.

- Members asked if there is any possibility of the space vacated being used, or for a linked purpose?

Members were advised that the Ground Floor is already been in process of securing an operator. Officers have been speaking to the firm all throughout lockdown to understand their position and make sure that their requirements have not changed, and they are still interested in the move.

- Members asked for clarification on whether the savings that will be made each year, are they for the life of the lease that we have on the Information Station, and will those savings be put back into the Central Library afterwards?

The Head of Service confirmed that it would be the balance of the remaining term, which is 7 and a half years. following the expiry of the council lease, it will be open for all existing occupiers to discuss a new lease with the freeholder. There has been a lot of engagement over what is provided in the new location of the Information Station and necessary budget to deliver those are in place.

- Members queried Budget Investment RIH9 – **Norse Joint Venture – Increased contract payment as a result of assumed 2% uplift each year from 20/21** and asked for a brief explanation of the payment. The Head of Service advised she did not have these details to hand but would send would send the details to the committee.

The Chair thanked the invitees for attending.

Conclusion – Comments to the Cabinet

The committee noted the Draft Budget Proposals relevant to the Place and Corporate Service Areas and agreed to forward the minutes to the Cabinet as a summary of the issues raised.

The Committee wished to make the following comments to the Cabinet on the Proposals within the Place and Corporate Service Areas:

Proposal 3 – STR2122/02 – Charges for non-household waste taken to Household Waste Recycling Centre (HWRC)

- The Committee were concerned that any charges could result in an increase of flytipping which would also burden the budget, and hope that there is a contingency plan in place in case this was to happen. A suggestion was made that extra investment would be used for the Pride of Newport to help concerns about increases of flytipping and to clean up any potential hotspots.
- Further investment suggestions were made for the service area to employ additional Enforcement Officers and more CCTV in known flytipping hotspots.

Proposal 5 – STR2122/06 – Creation of pay and display car park Mill Parade

- Members had a robust conversation and agreed with the proposal to turn this into a public car park, to improve security at the site. However, concern was raised in relation to the proposed charges and whether they would deter visitors. Some Members suggested one hour free parking, while others suggested free parking all day but with some sort of voucher scheme. A Member also stated that they would also welcome the views of the Ward Members.

- The committee acknowledged that this would not deliver the Medium Term Financial Plan income and it would be some time before the Transporter Bridge was re-opened as a visitor attraction. Therefore, they asked Cabinet to consider all of these issues when making a final decision on this budget proposal.

Proposal 8 – RIH2122/04 – Information Station move to Central Museum and Library

- The Committee praised the service the Information Station has provided the residents of Newport, but voiced concerns of any possibility that some services could be lost during the transfer. The committee wished to seek assurance that we maintain the range of services that are provided whilst completing the transfer.

Proposal 9 – N/A – Increase council tax increase from 4% base assumption by 1% to 5%

- The committee acknowledged the proposal for the increase. Members then suggested if some money from the future investments could be used to focus on engaging with people that do not normally face financial worries due to loss of income.

The meeting terminated at 5.45 pm

Mae'r dudalen hon yn wag yn

Minutes



Performance Scrutiny Committee - People

Date: 19 January 2021

Time: 10.00 am

Present: Councillors J Watkins (Chair), H Thomas, J Richards, S Marshall, C Townsend, J Cleverly, Y Forsey and L Lacey

In Attendance: Chris Humphrey (Interim Strategic Director - People), Sally Ann Jenkins (Head of Children & Young Peoples Services), Meirion Rushworth (Head of Finance), Owen James (Assistant Head of Finance - Technical and Development), Sarah Morgan (Chief Education Officer), Clare Watts (Senior Finance Business Partner), Amie Garwood-Pask (Senior Finance Business Partner (Budget Strategy)), Kathryn Carter (Senior Finance Business Partner), Tracey Bastow-Hale (Finance Business Manager), Neil Barnett (Scrutiny Adviser) and Louise A Thomas (Governance Officer)

Apologies: Councillors T Watkins and W Routley

1 Declarations of Interest

None

2 Minutes of the previous meetings held on 3 November 2020 and 17 November 2020

The minutes of the previous meetings held on 3 November 2020 and 17 November 2020 were **accepted** as a true and accurate record.

3 2021-22 Budget and Medium Term Financial Projections

Attendees:

- Chris Humphrey, Acting Director of Social Services
- Meirion Rushworth - Head of Finance
- Sally Jenkins – Head of Children and Young Peoples Services

The Head of Finance gave an overview of the budget position which had followed a similar process to previous years. The budget gap was £4.1 million in September of last year. Officers had then looked at planning savings down to half a million by the time the settlement was brought forward, and so the budget was almost balanced at this point. Grant funding received just before Christmas was £9 million better than expected. Population numbers were used as a large part of this calculation and the numbers being used for Newport historically had been too low. This had now been corrected and so we had received more money this year. Also, rather than it being phased in, the grant was made in full which had made it significantly better for the council this year. The final budget would be set in February following feedback received and considered.

- A Member asked if any capital money was used to reduce revenue costs, particularly in relation to environmental initiatives in schools.

The Head of Finance replied that the capital programme included a number of energy efficiency schemes including energy saving lights, green roofs, etc. but that much depended on the learning environment in some schools and taking into account the condition of the existing school buildings.

- A Member asked about projected pension costs.

In response to this question about pension costs, the Head of Finance confirmed that there were 2 relevant pension schemes, the NGAC fund and the Teacher's fund. The latter had increased last year but the NGAC employer contributions would need to increase next year, and this had been built into future budget requirements.

- A Member asked what changes to the budget were envisaged as a result of the Covid recovery plan?

There were continuing discussions regarding the budget due to ongoing increased costs, particularly in the domiciliary and residential care budgets. There had been additional financial support available during the pandemic but this funding (hardship fund) was due to cease at the end of March. This meant they would need to look into what the ending of the funding would mean going forward into next year. It could be that a more sustainable model would need to be found going forward. There were also specific challenges in some services due to additional costs such as PPE which would be a permanent funding issue and there were currently no specific reserves put aside for this.

The Chair thanked the Head of Finance for his report.

Adult and Community Services

Proposal 1 - AS2122/03 – Transformation of Adult Day Services

The Acting Director of Social Services introduced the saving proposal:

The service currently ran a number of day services from the Brynglas site. Over the past few years, the numbers attending the services had significantly reduced while there had been an increase in the referrals for older persons' respite care. Younger people coming into the adult PMLD group and their families did not want the traditional building-based service. The current service model delivered from Brynglas was not flexible enough to meet the needs of younger people coming through transition in the service. Some people tended to stay in the service for longer than they should, which created a dependency. For example, many of the people with mental health problems had continued to be supported by the service for more than 12 months, when there were other community based services that could meet their needs. During Covid the facility had been shut and this had provided the opportunity to deliver these services in a different way which had worked well.

Members raised the following:

- Mental health issues had become a huge issue for all, but was a particular issue in relation to the elderly. It was concerning to hear that this proposal would mean an end to meeting up and socialising in a group setting. Socialisation was hugely important so was this an acceptable proposal in this respect?

The Acting Director of Social Services responded that the number of elderly who attended Brynglas was very small, 10 people. It was proposed to move this facility

from Brynglas to Spring Gardens, where there was synergy with the existing building based respite service for older people. This would allow the existing management structure in day services to be stream lined, overseen by the Homes Team Manager of Spring Gardens.

- A member queried the consultation carried out with young attendees.

The Acting Head commented that findings had shown that the younger people coming forward were looking for a different type of service from the traditional 9 to 5 day service to wanting more access to opportunities in the community. Because of this, numbers of attendees had reduced over the years. It was beneficial having strong partnerships with those who provided services more in keeping with what families seemed to prefer.

- A Member queried how the Service worked with partners and how this helped to reduce costs?

The Acting Director of Social Services replied that the teams worked closely with colleagues to ensure that children moving into adulthood had their skills worked on in readiness. Working with Aneurin Bevan Health Board to ensure their need were met in the best possible way. They had been constantly reviewing what people needed and worked in close partnership. This had proved to be one of the strengths in Newport during the pandemic.

A Councillor queried who the different partners that were referred to throughout the reports were and would it be possible to have this provided as background information in future.

The Acting director stated she would take advice on providing this information taking into account data protection issues.

- A Member asked what back up was in place should one of our private providers give up their contract with little or no warning

The Acting Director of Social Services replied that this was always a risk and that the right approach was to have a sufficient number of providers so we were not overly reliant on one provider only. Approach in Newport was to have a healthy mix of different providers and not rely sole on one dominant organisation. We also had some in house services that we could use, the focus always being to ensure people were not left without any care. There were contingency plans in place should any issue arise.

- A Member asked if there were any particular concerns as a result of Brexit?

○

Response was that there was a whole range of work in place for EU staff who wished to remain and work in the UK. In Newport, rather than an issue with numbers of carers, it was more of a supply of nurse issue, which did not directly affect our service provision. The Health board were responsible for ensuring adequate supplies of medications and any issues had previously been identified and contingency plans were already in place.

The Chair thanked the Acting Director of Social Services for her report.

Children and Family Services

Proposal 2 – CS2122/03- Closure of Cambridge House as a Children's Home

The Head of Children and Young Peoples Services introduced the saving proposal for the Service Area.

There had been a clear commitment made by the Council to provide our own children's homes in the City and we currently had more than any other Local Authority in Wales. It was recognised that if we managed and implemented the care planning for our own children then we were more in control. Cambridge House had been used for over 30 years but it was no longer in good condition and needed a considerable amount of money spent to make it fit for purpose. It was not ideally situated, being very close to the city centre, which was also not ideal for children in care when trying to keep them safe. We would be looking to develop our portfolio further over time so this proposal was not about walking away from providing residential care but more into looking to provide the best care possible.

Members asked the following:

- A member asked how many children were currently based in Cambridge House and to where would they be transferred?

The Head of Children and Young Peoples Services replied that it was registered for 6 children but there had only been 1 child there very recently. This meant that move on arrangements would be minimal if the proposal was accepted.

- A Member asked what emergency provision was proposed to replace those provided at Cambridge House

The Head of Children and Young Peoples Services confirmed that historically it had been used to provide emergency accommodation but not for a number of months. There was 1 bedroom available at Forest Lodge and Brynglas Bungalow could also be utilised.

- Members asked if there had been an increase in numbers of children coming into care and what was the situation with the proposed new home at Windmill Farm?

The Head of Children and Young Peoples Services commented that surprisingly, there had been no increase in numbers during the pandemic. Staff had worked incredibly hard during Covid and they had also recruited more foster carers during this period. Risks had been managed well even during this very trying period. Windmill Farm proposals had just completed the Planning process and because it was a new building, rather than a conversion, it was likely to take longer to complete.

The Chair thanked the Head of Children and Young Peoples Services for presenting and discussing the budget proposal.

There were no specific budget savings proposals for Education contained within this report however Members wished to ask the Chief Education Officer questions regarding the Education Service in general.

- A Member asked what was being done to address the deficit that some schools currently had and what would be the impact on the education these schools were able to deliver?

The Chief Education Officer commented that the forecast showed an improving position. This was partly due to the pandemic – there were less consumables being used such as lighting and heating etc. but also, schools were able to claim costs through the hardship fund. With the 8 schools currently in deficit, the Service had set up deficit monitoring schemes and all had shown progress. The monitoring panels were made up of Business Improvement Team staff, together with Finance and Education staff to ensure modelling and assumptions were correct in order to reduce deficits.

It was important to ensure there was not a risky outcome for children and the risks had to be discussed against proposed cost savings. There were ways to investigate savings from small tweaks that would not have a knock on negative effect.

- Members asked what the situation was regarding the provision of laptops and free school meals?

The Chief Education Officer replied that they had provided 2,600 mifi units to support children and other IT on order from China was due to arrive at the end of January. Having done as much as possible with the funding available, it was the responsibility of each school to be aware of the situation of each of their pupils. Not all learning had to be provided electronically, blended learning was a menu of activities to reach all children. Live lessons were not always the best way but this was not the only way of learning remotely.

As regards free school meal provision, from April 2020, supermarket vouchers were provided during lockdown, holidays and to those in self isolation. Provision was linked to Housing Benefit so should have been automatic. The vouchers could not be used to purchase tobacco, alcohol or fuel.

- Members asked about blended learning and how the quality of teaching was being monitored?

○

The Chief Education Officer responded that the Education Achievement Service (EAS) had been instrumental in building an effective network of information across the 5 local authorities to ensure successful learning outcomes. They had set up a website dedicated to blended learning to show how it should be implemented across the school sector. 2 blended learning surveys had been sent out by the Authority and it was vital that all governing bodies ensured these were completed and submitted in order to see where improvements could be made and best practice shared. It was noted however that self reported surveys did not always provide a totally accurate picture and so challenge advisors also worked with schools to validate the surveys in a positive way to provide support and constructive criticism where necessary. The surveys helped to identify any gaps in provision and provide any appropriate guidance.

The Chair thanked the Officers and their staff for information provided to the Committee and on behalf of all members present asked that their sincere appreciation be passed on to all staff working in their Service Areas during the Covid crisis.

Conclusion - Comments to the Cabinet

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

The Committee wished to make the following comments to the Cabinet on the Proposals within the People Service Areas

General Comments

- The Committee felt that officers did lots to address concerns. They felt assured that these are the right proposals to take and that due consideration has been taken to mitigate concerns.

Proposal 1 - AS2122/03 – Transformation of Adult Day Services

- The committee raised concern about older people being isolated and meeting together and socialising. Changing the format in which they are supported needs to be considered and managed appropriately.

Proposal 2 – CS2122/03- Closure of Cambridge House as a Children’s Home

- The committee welcomed the detailed report and accepted this proposal. Members commented that every effort should be made to redeploy staff rather than issue compulsory redundancies. The committee would also like to know whether the building could be used for any other purpose, such as for homelessness charities and other supporting networks.

The meeting terminated at 12.50 pm



Scrutiny Report

Overview and Scrutiny Management Committee

Part 1

Date: 29 January 2021

Subject Scrutiny Adviser Report

Author Scrutiny Adviser

The following people have been invited to attend for this item:

Invitee:	Role
Neil Barnett (Scrutiny Adviser)	Present the Committee with the Scrutiny Adviser Report for discussion and update the Committee on any changes.

Section A – Committee Guidance and Recommendations

Recommendations to the Committee

The Committee is asked to:

1. Committee's Work Programme:

Consider the Committee's Forward Work Programme Update (**Appendix 1**):

- *Are there any amendments to the topics scheduled to be considered at the next Committee meeting?*
- *Are there any additional invitees that the Committee requires to fully consider the topics?*
- *Is there any additional information that the Committee would like to request?*

2 Context

Background

- 2.1 The purpose of a forward work programme is to help ensure Councillors achieve organisation and focus in the undertaking of enquiries through the Overview and Scrutiny function. Effective work programming is essential to ensure that the work of Overview and Scrutiny makes a positive impact upon the Council's delivery of services.
- 2.2 Further information about the work programming process, including the procedures for referring new business to the programme, can be found in our Scrutiny Handbook on the Council's Scrutiny webpages (www.newport.gov.uk/scrutiny).

- 2.3 The Centre for Public Scrutiny's Good Scrutiny Guide recognises the importance of the forward work programme. In order to 'lead and own the process', it states that Councillors should have ownership of their Committee's work programme, and be involved in developing, monitoring and evaluating it. The Good Scrutiny Guide also states that, in order to make an impact, the scrutiny workload should be co-ordinated and integrated into corporate processes, to ensure that it contributes to the delivery of corporate objectives, and that work can be undertaken in a timely and well-planned manner.

Forward Work Programme Update

- 2.4 The Committee's work programme was set in October 2020, including estimated timescales for when the reports will be considered by the Committee. This programme is then managed and implemented by the designated Scrutiny Adviser for this Committee under the direction of the Committee Chairperson.
- 2.5 Attached as **Appendix 1** is the Committee's Forward Work Programme Update. The Committee is asked to consider:
- *Any amendments to the topics scheduled to be considered at the next Committee meeting?*
 - *Are there any additional invitees that the Committee requires to fully consider the topics?*
 - *Is there any additional information that the Committee would like to request?*

The Committee agreed to keep a degree of flexibility within its work programme to enable the Committee to respond to urgent / emerging issues. This item is an opportunity for the Committee members to raise any suggested amendments to the Work Programme.

3 Information Submitted to the Committee

- 3.1 The following information is attached:

Appendix 1: The Committee's Forward Work Programme Update;

4. Suggested Areas of Focus

Role of the Committee

The role of the Committee in considering the report is to:

- **Forward Work Programme Update - Appendix 1**

Consider:

- Are there any amendments to the topics scheduled to be considered at the next Committee meeting?
- Are there any additional invitees that the Committee requires to fully consider the topics?
- Is there any additional information that the Committee would like to request?

Section B – Supporting Information

5 Supporting Information

- 5.1 The Corporate Assessment, and the subsequent [follow up assessment](#) provide background information on the importance of good work programming. Specific reference is made to the need to align the Cabinet and Scrutiny work programmes to ensure the value of the Scrutiny Function is maximised.
- 5.2 The latest Cabinet work programme was approved by the Cabinet on a monthly basis for the next 12 months and includes the list of reports scheduled for consideration. Effective forward planning by both Cabinet and Scrutiny needs to be coordinated and integrated in relation to certain reports to ensure proper consultation takes place before a decision is taken. A link to the Cabinet work programme is provided [here](#) to the Committee as part of this report, to enable the Committee to ensure that the work programmes continue to reflect key decisions being made by the Cabinet.

6. Links to Council Policies and Priorities

- 6.1 Having proper work programming procedures in place ensures that the work of Overview and Scrutiny makes a positive impact upon the Council's delivery of services, contributes to the delivery of corporate objectives, and ensures that work can be undertaken in a timely and well-planned manner.
- 6.2 This report relates to the Committee's Work Programme, Actions from Committee's and Information Reports that support the achievement of the Scrutiny Committee, in accordance with the Law and Regulation Service Plan, Objectives, Actions and Measures and the Wellbeing objectives:

Well-being Objectives	Promote economic growth and regeneration whilst protecting the environment	Improve skills, educational outcomes & employment opportunities	Enable people to be healthy, independent & resilient	Build cohesive & sustainable communities
Corporate Plan Commitments	Thriving City	Aspirational People		Resilient Communities
Supporting Function	Modernised Council			

7 Wellbeing of Future Generation (Wales) Act

- 7.1 The Wellbeing of Future Generations Act 2015 which came into force in April 2016 sets the context for the move towards long term planning of services.
- 7.2 **General questions**
- How is this area / policy affected by the new legislation?
 - How will this decision / policy / proposal impact upon future generations? What is the long term impact?
 - What evidence is provided to demonstrate WFGA has been / is being considered?
 - Evidence from Community Profiles / other data?
 - Evidence of links to Wellbeing Assessment / Objectives / Plan?
- 7.3 **Wellbeing Goals**
- How are the Wellbeing goals reflected in the policy / proposal / action?
 - *A prosperous Wales*
 - *A resilient Wales*
 - *A healthier Wales*

- *A more equal Wales*
- *A Wales of cohesive communities*
- *A Wales of vibrant culture and thriving Welsh language*
- *A globally responsible Wales*

7.4 Sustainable Development Principles

- Does the report / proposal demonstrate how as an authority we are working in accordance with the sustainable development principles from the act when planning services?
 - **Long Term**
The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs
 - **Prevention**
How acting to prevent problems occurring or getting worse may help public bodies meet their objectives
 - **Integration**
Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies
 - **Collaboration**
Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives
 - **Involvement**
The importance of involving people with an interest in achieving the well-being goals, and ensuring that those people reflect the diversity of the area which the body serves.

8 Background Papers

- [The Essentials - Wellbeing of Future Generation Act \(Wales\)](#)
- [Corporate Plan 2017 - 2022](#)
- The Corporate Assessment and [follow up assessment](#).

Report Completed: 29 January 2021

**Overview and Scrutiny Management Committee
– Forward Work Programme Update**

Friday, 19 February 2021 at 10am		
Topic	Information Required / Committee's Role	Invitees
Responding to the New Normal	Discussion paper to gather scrutiny view before reporting to Cabinet	Head of People and Business Change

Mae'r dudalen hon yn wag yn