

Agenda

Pwyllgor Craffu ar Berfformiad – Pobl

Dyddiad: Dydd Mawrth, 16 Ionawr 2024

Amser: 10.00 am

Lleoliad: Cyfarfod Hybrid

At: Cynghorwyr: W Routley (Cadeirydd), J Cleverly, C Townsend, P Bright, B Davies, P Drewett, D Jenkins, R Howells and D Mayer

Eitem

Wardiau Dan Sylw

- 1 Ymddiheuriadau
- 2 Datganiadau o ddiddordeb
- 3 Cofnodion y Cyfarfod Blaenorol (*Tudalennau 3 - 6*)
- 4 Cyllideb 2024-25 a Rhagolygon Ariannol Tymor Canolig (*Tudalennau 7 - 48*)
- 5 Casgliad Adroddiadau Pwyllgorau
- 6 Adroddiad Cynghorydd Craffu (*Tudalennau 49 - 58*)
 - a) Camau Gweithredu'n Codi (**Atodiad 1**)
 - b) Diweddariad ar y Rhaglen Gwaith i'r Dyfodol (**Atodiad 2**)
- 7
- 7 Digwyddiad Byw
[Cliciwch yma i wyllo'r Digwyddiad Bywtch.](#)

Mae'r dudalen hon yn wag yn

Draft Minutes

Performance Scrutiny Committee – People

Date: Tuesday, 12th December 2023

Time: 10.00 am

Venue: Hybrid Meeting/Committee Room 1

Present: Councillors W Routley (Chair), J Cleverly, C Townsend, B Davies, P Drewett and D Jenkins

In Attendance: Cllr S Marshall (Cabinet Member for Social Services – Childrens Services), Cllr J Hughes (Cabinet Member for Social Services – Adult Services), Sally Anne Jenkins (Strategic Director for Social Services), Mary Ryan (Head of Adult Services), Rhianydd Williams (Service Manager for Integrated Family Support), Mandy Shide (Service Manager for Prevention and Inclusion), Rhian Brookes (Service Manager for Childrens Services), Samantha Schanzer (Scrutiny Advisor), Emily Mayger (Governance Officer) and Simon Richards (Governance Officer)

Apologies: Councillor Bright

1. Apologies for Absence

Cllr Bright and Cllr Harvey as the Cabinet Member for Community and Wellbeing.

2. Declaration of Interests

None.

3. Minutes of Previous Meeting

The minutes of the previous meeting held on the **28th November 2023** were **agreed as a true and accurate record.**

4. 23-24 Mid-Year Reports - Social Services

Prevention and Inclusion

Invitees:

Mandy Shide - Service Manager for Prevention and Inclusion

Rhianydd Williams - Service Manager for Integrated Family Support

The Service Manager for Integrated Family Support (IFS) and the Service Manager for Prevention and Inclusion (PI) presented the report.

- The Committee congratulated the Youth Service for their aim to achieve the Silver Quality Mark.
- The Committee queried who provided out of hours support for Youth Services. The Service Manager (PI) noted that most support was provided in-house but there were some contracts with community organisations with specialist skills.
- The Committee appreciated the inclusion of case studies.
- The Committee raised concern that incomplete actions were reported as green and highlighted the action for Robust Volunteering Provision. The Service Manager (PI) assured Committee of ongoing work with Communications and Human Resources and anticipated that the action would be completed by the deadline, which was why it had been marked green. The Cabinet Member for Social Services – Adult Services noted that actions could be influenced by outside parties and subject to delays which could change its RAG rating but highlighted that green ratings indicated that an action was on track. The Cabinet Member for Social Services – Children’s Services highlighted that the commentary for actions would provide context and highlight any difficulties. The Service Manager (PI) informed Committee that no risks had been identified regarding the volunteering project.

Children and Young People Services

Invitees:

Councillor Stephen Marshall - Cabinet Member for Social Services – Children’s Services

Sally Ann Jenkins – Strategic Director for Social Services

Mary Ryan – Head of Adult Services

Rhian Brook – Service Manager for Childrens Teams

The Service Manager for Childrens Teams (CT) presented the report.

- The Committee queried the issues regarding staff retention. The Service Manager (CT) informed the Committee that it was a national issue and that there were difficulties within residential services specifically. The Head of Adults Services noted that there too few Social Workers in training which created a deficit and highlighted the importance of retention and training which Newport City Council offered though the Open University.
- The Committee queried whether there were contingency plans regarding the Not for Profit/Eliminate project. The Service Manager (CT) informed Committee that they had looked to address the highest cost pressures such as reducing the use

of agency staff by bringing in internal staff and building on the existing portfolio, citing Cambridge House which was due to be ready in July 2024.

- The Committee queried what could be done to increase collaborative working with the NHS. The Cabinet Member for Social Services – Children’s Services informed the Committee of the close relationship with the Health Service which covered a spectrum of areas. They noted the significant pressure on NHS services and added that the work of Social Services helped reduce the quantity of hospital patients. The Service Manager (CT) highlighted Windmill Farm as an example of collaboration with the Health Services and added that Windmill Farm was at full capacity.
- The Committee queried whether there was any support the Committee could provide to help ensure funding for VAWDASV. The Strategic Director for Social Services explained that funding for VAWDASV came from a mixture of funding streams and added that although reasonably secure, they would continue to monitor whether grant funding remained at the same level. The Committee noted their concern regarding the funding.
- The Committee requested further information regarding housing for care leavers. The Strategic Director noted they could not discuss specifics in the meeting but agreed to provide a general information report to the Committee.
- The Cabinet Member noted the challenges faced by Social Services and highlighted their successes. They noted their appreciation for the work undertaken by all staff from within Newport City Council, partnerships, and foster carers.

Adult and Community Services

Invitees

Councillor Jason Hughes – Cabinet Member for Social Services – Adult Services

Sally Ann Jenkins – Strategic Director for Social Services

Mary Ryan – Head of Adult Services

Mandy Shide – Service Manager for Prevention and Inclusion

The Head of Adult Services presented the report.

- The Committee asked for clarification on where stroke patients would be treated. The Head of Adult Services informed Committee that from December 2023, they would be treated at Ysbyty Ystrad Fawr, with the intention of it becoming a centre of excellence.
- The Committee requested an update on the progress of the Newport Dementia Hwb. The Head of Adult Services reassured Committee of the strong partnership work and desire to progress this project but highlighted challenges with funding. They noted they were looking into alternative routes of driving progress such as slippage funds, partnership work and using Council-owned facilities. The

Committee recommended that there was a continued search for an alternative internal venue provision.

- The Committee queried the impact of not meeting the target for Approved Mental Health Professionals (AMHPs). The Head of Adult Services informed Committee that it was a statutory function. They noted that work had been done regionally to equalise pay between Local Authorities within Gwent to aid in retention. They informed Committee that 3 AHMPs had been employed since the summer and 4 were currently in training. They highlighted the importance of the investment into AHMPs and the need to appropriately support them.
- The Cabinet Member for Social Services – Adult Services reassured Committee of the commitment to Dementia Services in Newport. The Head of Adult Services assured Committee that despite delays in the Dementia Hwb, there was and would be continuous daily support for Dementia patients and their families. The Cabinet Member thanked all staff for their work amid growing pressures. They highlighted that Newport was a leading authority in Social Services nationally in many areas and that the service redesign had ensured that the service remained fit for purpose.

5. Conclusions of Committee Reports

- The Committee thanked and congratulated staff for their hard work.
- The Committee requested an information report regarding the work being done for care leavers, including housing.
- The Committee highlighted the importance of funding for the VAWDASV service.
- The Committee recommended looking at alternative internal provision for the Newport Dementia Hwb.

6. Scrutiny Adviser Reports

a) Actions Arising

The Scrutiny Adviser provided an update to the Committee on the outstanding actions.

b) Forward Work Programme

The Scrutiny Adviser informed the Committee that the Budget meeting date had been rescheduled for the 16th January to ensure that it fell within the consultation period.



Scrutiny Report

Performance Scrutiny Committee – People

Part 1

Date: 16th January 2024

Subject 2024-25 Budget and Medium Term Financial Projections

Author Scrutiny Adviser

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

Role / Areas of responsibility	Lead Officer
Budget Overview and Process	Meirion Rushworth, Head of Finance
Service Specific Proposals:	
Education	Sarah Morgan, Head of Education
Children Services	Natalie Poyner, Head of Children Services
Adult Services	Mary Ryan, Head of Adult Services
Prevention and Inclusion	Caroline Ryan-Phillips, Head of Prevention and Inclusion

Section A – Committee Guidance and Recommendations

1 Recommendations to the Committee

The Committee is asked to:

- (i) Consider the budget proposals relevant to the People Service Areas;
- (ii) Determine if it wishes to make recommendations or comments to the Cabinet on the Proposals within the People Service Areas;
- (iii) Determine if it wishes to make any comments on the budget process or the public engagement (to be forwarded to the Overview and Scrutiny Management Committee for consideration).

2 Context

- 2.1 In accordance with the 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 draft budget proposals as a basis for consultation	10 January 2024
Consultation period	11 January 2024 to 9 February 2024
Cabinet considers feedback from consultation and agrees final budget recommendations to Council including Council Tax rate	14 February 2024
Final time / date for members / groups written amendments on budget proposals for Council consideration to be received by the 'proper officer' (Head of Law & Standards)	5.00pm, 21 st February 2024
Council approves the 2024/25 budget, service funding and Council Tax rate	29 February 2024

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	15 January 2024	Savings proposals within the Place and Corporate Service Areas
Performance Scrutiny Committee - People	16 January 2024	Savings proposal within the People Service Areas
Overview and Scrutiny Management Committee	30 January 2024	<ul style="list-style-type: none">• Coordination of comments from all Scrutiny Committees• Comments on the budget process• Comments on public engagement

- 2.3 Recommendations from the Committee meetings on 15 and 16 January will be reported to the Overview and Scrutiny Management Committee (OSMC) at its meeting on 30 January 2024 to confirm the list of comments that will be submitted from Scrutiny to the Cabinet. The Chair of this Committee will be invited to attend the meeting of the OSMC where the Committee's recommendations are discussed.
- 2.4 The role of the Overview and Scrutiny 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. It also has overall responsibility for comments on the budget process, and public engagement, which it will be focusing on at its meeting.
- 2.5 At its meeting on 10 January 2024, the Cabinet agreed draft proposals for consultation. The full Cabinet Report and Appendices are available on the website ([Link](#)).

Appendix 1	Budget investments
Appendix 2	New budget savings for consultation
Appendix 3	New budget savings implemented under delegated authority
Appendix 4	Demand models for social care
Appendix 5	Fees & charges for consultation
Appendix 6	Financial resilience 'snapshot'
Appendix 7	Medium term financial projections
Appendix 8	Projected earmarked reserves
Appendix 9	Corporate risk register summary - Quarter 2
Appendix 10	New budget savings for consultation – proposals
Appendix 11	New budget savings implemented under delegated authority - proposals

3 Information Submitted to the Committee

3.1 The following attachments are included for the Committee's consideration:

Appendix A – Cabinet Report 2024/25 Budget and Medium Term Financial Projections (MTFP)

Appendix 1 – Budget investment proposals (summary table).

Appendix 2 – New budget savings proposals (summary table) and Appendix 10 (detailed proposals).

Appendix 5 – Fees & charges for consultation

(Note – the numbering of attached Appendices has remained the same as the Cabinet Report for ease of reference)

4. Suggested Areas of Focus

4.1 Role of the Committee

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

- **Assess and make comment** on the proposals relevant to the Place and Corporate Service Areas in terms of:
 - How **reliable** the savings forecasts are;
 - How **achievable** the proposals are;
 - Have **risks** / impact on service users been appropriately mitigated;
 - Is there sufficient and consistent information within the Business cases to enable Cabinet to make an informed decision;
 - How does it fit into the **longer term strategic planning** and vision of the Council;
 - The extent to which the **Wellbeing of Future Generations Act** has been considered.

- **Conclusions:**
 - Feedback the Committee's assessments of the proposals and highlight what the Cabinet need to be mindful of when taking the decision on the proposals.
 - Feedback to Overview and Scrutiny Management Committee on the budget process and public engagement.

Suggested lines of Enquiry

- 4.2 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.
- 4.3 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:

Individual Proposals	<ul style="list-style-type: none"> • How reliable are the proposed savings? • Is there sufficient evidence within the business cases to have confidence that the proposals are achievable? • Is it clear how this proposal will be delivered and how the savings will be achieved? • Timing of the implementation – will this achieve a full year’s savings? Will anything delay implementation (such as the consultation process for any redundancies)
Links to Strategic Planning	How does the proposal contribute to the achieving corporate priorities included in the Corporate Plan 2022-27?
	How do these proposals fit into an overall budget strategy / what is the long-term approach to budget at the Council?
Assessing Impact	What is the anticipated impact of the budget proposal on: <ul style="list-style-type: none"> ○ Services ○ Performance (including performance indicators and standards) ○ Clients / services users
	If there is a risk identified, has this been appropriately mitigated? Is this clear within the business case, and is it achievable?
	How will we measure the success / impact of this proposal?
Fairness and Equalities Impact Assessments	Have these been completed?
	Have any impact identified within the FEIA been considered within the business case?
Legal and Regulatory	Are there any legal / regulatory requirements of the budget proposal?

Wellbeing of Future Generation (Wales) Act

- 4.4 The Committee's consideration of the Draft budget proposals should consider how services are maximising their contribution to the five ways of working. 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 proposal or; how could your proposal impact these trends?
	How will the needs of your service users potentially change in the future?
<p>Prevention</p> <p>Prevent problems occurring or getting worse.</p>	What is the objective (or the desired outcome) of this proposal?
	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>	Are there any other organisations providing similar / complementary services?
	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 Links to Council Policies and Priorities

Well-being Objective	1 – Economy, Education and Skills	2 – Newport’s Environment and Infrastructure	3 – Preventative and Equitable Community and Social Care	4 – An Inclusive, Fair and Sustainable Council
Aims:	Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.	A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.	Newport is a supportive city where communities and care are at the heart of what we do.	Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.

6 Background Papers

- [The Essentials – Well-being of Future Generation \(Wales\) Act](#)
- [Corporate Plan 2022-2027](#)
- [Newport City Council FEIAs 2023-24](#)

Report Completed: 16 January 2024

Mae'r dudalen hon yn wag yn

APPENDIX A

Mae'r dudalen hon yn wag yn

Report

Cabinet

Part 1

Date: 10th January 2024

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

Purpose To highlight key issues affecting the development of the Council's 2024/25 budget and Medium-Term Financial Plan (MTFP) and present the draft proposals for the 2024/25 budget. Cabinet is 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 2024, when Cabinet will agree a final budget to recommend to full Council.

Author Head of Finance

Ward All

Summary This report presents the draft budget proposals for 2024/25.

Budget preparations this year have continued to be challenging, building on the unprecedented circumstances of the last few years. The Council, like others, are dealing with significant budget pressures. Cost increases and increasing demand are resulting in significant budget shortfalls over the immediate and medium term.

The timing of the draft budget and consultation has been changed this year so that the Council's draft financial settlement was known beforehand. Whilst there is still further work to complete before the final budget proposals can be completed; it does result in reducing a significant budget uncertainty. The 2024/25 budget shortfall before savings is £3,805k (£42,085k over the medium term), at this point though more analysis is required on certain elements of the Council's financial settlement. The Council is required to manage these shortfalls to both produce balanced annual budgets and which also delivers sustainable future finances to ensure the Council continues to deliver services to residents in Newport and meet priorities.

The Council received its draft 'Revenue Support Grant' (RSG) on 20th December and budget details included in this report include that. More detail on the settlement is included in this report.

Residents, service users, scrutiny committees, school forum and stakeholders, such as the independent Fairness Commission will have the opportunity to provide feedback for Cabinets consideration before they recommend their final budget proposals to full Council.

The report, along with the appendices, set out the draft budget pressures and investments, budget savings and increase in local council tax, which are key elements of the proposed budget.

Section:

- 1 Background
- 2 Context
- 3 The Budget Gap
- 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 Demand models for social care
- Appendix 5 Fees & charges for consultation
- Appendix 6 Financial resilience 'snapshot'
- Appendix 7 Medium term financial projections
- Appendix 8 Projected earmarked reserves
- Appendix 9 Corporate risk register summary - Quarter 2
- Appendix 10 New budget savings for consultation – proposals
- Appendix 11 New budget savings implemented under delegated authority - proposals

Proposal

1. **Cabinet agreed the following draft proposals for public consultation:**
 - i) Budget savings proposals in Appendix 2 (summary table) and Appendix 10 (detailed proposals).
 - ii) A council tax increase of 8.5%, a weekly increase of £1.50 - £2.01 for properties in Band A to C, the most common bands in Newport, as set out in paragraphs 3.8.
 - iii) Proposed fees and charges in Appendix 5.
 - iv) The budget investments shown in Appendix 1, including those for schools.
2. **Cabinet approves:**
 - v) Implementation of the delegated decisions in Appendix 3 (summary table) and Appendix 11 (detailed proposals) by Heads of Service with immediate effect, following the usual Council decision making processes.
3. **Cabinet notes:**
 - vi) The position on developing a balanced budget for 2024/25, noting that the position will be subject to ongoing review and updates between now and the February Cabinet when the final budget is agreed.
 - vii) The current position in the development of a 'Transformation Plan' for the Council and the HoF comments on the importance of that in relation to the medium/long term budget challenge and contributing to sustainable financial footing for services.
 - viii) Further work is required to specifically review and manage the financial impacts of some key risks coming out of the draft settlement for 2024/25.

Action by Executive Board/ Heads of Service

Timetable Immediate:

Decisions subject to consultation include investments set out in Appendix 1, savings set out in Appendix 2 (summary table) and Appendix 10 (detailed proposals), fees and charges (Appendix 5), and schools funding position (section 3). These, along with the proposed council tax increase will form the basis of the consultation process.

This report was prepared after consultation with:

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

Signed

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1 BACKGROUND

- 1.1 The Medium-Term Financial Plan (MTFP) included within the Council's 2023/24 budget report, presented in March 2023, identified a potential budget gap of £15,170k in 2024/25. This report provides an update to reflect the on-going work undertaken on the Council's budget, MTFP and saving proposals to balance the budget gap which currently stands at £3,805k.
- 1.2 A significant number of factors are considered when reviewing the Council's budget and MTFP. These factors are influenced by both internal and external issues with the latter itself affected by local, Welsh and UK wide considerations. The table below compares the position back in March 2023 and currently in relation to the 2024/25 budget. The Council's Medium Term Financial Plan is shown in Appendix 7

Table 1. Budget Gap

	March 2023	Current	Significant movements
Funding			
RSG	+10,188	+13,450	Impact of demographic changes and up to date population numbers in particular
Council Tax	+ 2,827	+6,454	Increased to 8.5%, from 4%
Anticipated Teacher's pension increased funding		+3,419	Neutral to budget gap as matched off with costs
Cost Pressures			
Inflation/Increased costs	25,139	17,678	Energy costs reduction -£8,019k
Budget Investments / Pressures	3,046	9,450	Teachers' pensions increase +£3,419k Homelessness demand increases +£600k Children's services- placements +£2,664k
Budget Gap	15,170	3,805	

- 1.3 This report explains the key assumptions and issues which impact on the above factors thereby explaining the position. External considerations and issues drive a large part of the budget preparation, and these are explained first in this section.

2 CONTEXTS

- 2.1 The external considerations impacting on the Council are key aspects in the Council's financial planning. Budget preparations have continued to present significant challenges not only building on the unprecedented circumstances of the last few years but also the continuation of economic issues such as relatively high inflation rates.

UK Autumn budget and spending review 2023

- 2.2 This took place on the 22nd November and did not change the landscape of future public sector funding significantly from the current assumptions though there were some changes and announcements which have an impact on the Council's budget planning. The following outline the key messages and issues which impact on Local Government:
- (i) Minimum wage increased to £11.44 per hour, a 9.7% increase. This impacts on the Local Government National Joint Committee (NJC) pay structure which must meet this minimum at its lowest pay points and then impacts on all pay points above that in the overall pay structure. This brings about significant pay inflation into the Council's budget planning and assumptions. Newport City Council is committed to paying employees the 'foundation living wage' and therefore, within the NJC pay structure, pay levels locally meets the 'foundation wage' minimum levels which is now £12 per hour, a 10% increase itself.

As well as for its own staff, the budget assumptions include an increase in social care commissioned services budgets which allows for at least this foundation living wage level to be paid in those sectors, which historically have paid less than this level in many instances. This

has also resulted in significant contract price inflation in these service areas. The social services commissioning team who contracts with the care market are responsible in ensuring all contracted services providers commit to and pay at least this level.

- (ii) extended the cash freeze in capital spending for a further year meaning the WG block grant for core capital spending would fall by 6% in real terms.

Whilst not directly impacting on the Council's budgets, the Autumn budget also announced

- (iii) Local Housing Allowance increased to the 30th percentile of local rent levels which will increase the housing benefits limits available to those who rent in the privately owned housing sector. These benefits are administered by councils.
- (iv) Small business rates multiplier was frozen and the current retail, hospitality, and leisure business relief of up to 75% was extended for one year. In its own budget, the WG confirmed it too would extend the scheme by a further one year but at a rate of 40%. These reliefs are administered by councils.

- 2.3 The biggest impact of the Autumn budget was the confirmation that councils' funding outlook beyond the 2024/25 budget next year would potentially become very challenging. The budget confirmed the impact on the Welsh Government funding which would deliver a £305m consequential increase in funding over the three years to 2026/27, of which £167m would be for 2024/25. Given relatively high inflation levels persisting over the medium term; this equates to significant reduced Welsh Government funding levels in real terms over this period. This creates a potentially very significant funding challenge to Local Government in Wales in that if they were to "pass on" the additional funding to the NHS, schools, and pre-school childcare (the causes of the consequential increases above), spending outside of these areas could see cuts in funding.

Economic and process and demand issues

- 2.4 The continuation of relatively high price inflation and service demand continues as the Council's current year budget monitoring and the Autumn statement outlined above confirms. Key issues include:

- **Increasing inflationary costs** – the impact of specific elements of the consumer prices index (CPI) on council supplies and services; affecting both the Council's own direct costs and that of its key suppliers and service providers. Whilst inflation rates have recently fallen, they are still high by historical levels. As a foundation wage employer, the Council also increases its social care commissioned services contracts as outlined above. The significant rise in the foundation wage levels increase the budget inflation required here by significant amounts and it makes up most of the Council's contracts inflation uplifts.
- **Pay awards** – the impact of high inflation on actual and future potential pay awards. This relates to the Council's own pay awards (teachers and (NJC)) and as outlined above, the increase required in the Council's pay spine structure gives rise to significant pay budgets inflation.
- **Cost of living crisis** – the fall in real disposable income experienced since late 2021 has led to increasing requests for government support and demand on local services.
- **Labour market** – labour market challenges are increasing the cost of commissioned services in areas affected by labour shortages, such as social care and technical/professional roles.
- **Increasing demand** - for Council services which increase the Council's costs. These stem from legacy issues coming from the pandemic period as well as population and demographic/ societal changes. These are most acute in the budget areas of social services and housing services.

3 THE BUDGET GAP

3.1 The budget gap arises due to the Council's funding increase being insufficient to meet the cost increases being experienced and assumed by the Council. Cost increases come predominantly from pay/contract inflation and additional costs from service demand increases as explained in the previous section, and investments in services to meet priorities.

The Council's funding

Revenue Support Grant (RSG)

3.2 This was received on 20th December and confirmed an increase in funding of £13,450k. The following summary analysis explains the drivers behind the increase:

- base increase of 3.1% average across Wales	£8,707k
- increased funding to reflect NCC's greater share of the overall funding due to growing population, pupil numbers and other 'needs based' assessment	£4,552k
- other	£ 191k

The increases above are available to contribute to the Council's budget and the needs-based element is particularly high for 2024/25 due to the distribution formula finally including the full impact of the last census data.

3.3 the RSG is a crucial element in all Welsh Council's budgets and typically contributes c70%-75% of their core funding and at Newport City Council, this is currently 77% with Council Tax at 23%. Given all Council's significant reliance on RSG funding, what happens to this grant is crucial, as any reductions or below inflation increases cannot be easily offset by an increase in Council Tax. It also particularly impacts high growth area like Newport where there are significant cost pressures associated with that growth.

3.4 Whilst the overall core settlement was positive for the Council (it received the highest percentage increase across Wales) there is still outstanding work on-going to understand the full impacts of it. In particular, the settlement confirmed, at an all-Wales level, a significant reduction in a number of key specific grants which will have an impact on the Council's budgets, given that many of these are used for day-to-day service provision. These include:

- All Wales reduction in homelessness related grant - £11,500k
- All Wales reduction in social care workforce grant - £10,000k
- All Wales reduction in school related grants - £2,761k
- All Wales reduction in communities for work+ grant - £10,434k

Services are working through the potential reduction in Newport's element of these grants and any budget issues resulting from that will need to be incorporated, as needed, in the Cabinet's final budget recommendations.

In addition to this, a review of the potential RSG increases will be undertaken for future years beyond 2024/25. Currently, in line with current analysis of the Chancellor's Autumn budget, a nil increase is assumed but this requires further analysis and will be updated in time for the Cabinet's final budget in February and as always, reviewed thereafter from there.

Council Tax base

3.5 The Head of Finance (HoF) has set the Council Tax base (i.e. the number of Band D equivalent properties) for 2024/25 and it will increase by 0.6% to 61,329. This tax base is net of a 2% non-collection allowance. This practice is consistent with all councils across Wales and Newport's 'budgeted collection rate' is one of the highest in Wales. The net increase in available funding from the increased tax base is £488k based on the current rate of Council Tax and is reflected in the MTFP for 2024/25.

Council Tax increase

- 3.6 It is well documented that Newport's Council Tax is low compared to others in Wales, generating only 23% of the Council's net budget funding. This council's current year band D council tax rate is 10% lower than the Welsh average which represents about £8.2m in lower funding levels to the Council.
- 3.7 The budget position and figures set out within this report are based on an 8.5% increase within the MTFP in 2024/25 and 4% thereafter. The 2024/25 increase is subject to consultation before the Cabinet confirms their final recommendations on the Council's budget and required Council Tax increase to the Council in February 2024.
- 3.8 For contextual purposes, the table below shows the weekly increases in council tax based on a 8.5% increase. Given the low starting point on Newport's council tax, it will still be lower than most (if not all) of the neighbouring authorities, even if they have a lower level of increase. Newport City Council's proposed tax increase would maintain its position as one of the lowest in Wales.

Table 2: Scenarios illustrating weekly Council Tax increases based on an 8.5% increase.

Bands	A	B	C	D	E	F	G	H	I
Increase per year	£78.21	£91.24	£104.28	£117.31	£143.38	£169.45	£195.52	£234.62	£273.73
Increase per week	£1.50	£1.75	£2.01	£2.26	£2.76	£3.26	£3.76	£4.51	£5.26

- 3.9 The low starting point on Newport's council tax also means that, in cash terms, the increase is more modest than the percentage increase suggests. Given that over half of Newport's chargeable properties are banded A – C, most households would see an increase of between £1.50 and £2.01 per week based on this percentage increase.

Council cost increases assumptions

Several areas are explained in this report.

Increasing costs and demand

- 3.10 Financial pressures and demands on our services continue to grow significantly both for next year 2024/25 and over the medium term. The main issues include:

Inflationary Increases

- With inflation continuing to be relatively high, this is a key area in the setting of this budget. Unavoidable pay and inflationary cost increases, including schools, equate to £17,678k in 2024/25 and £58,279k over the three-year period to 2026/27;
- Commissioned care costs and pay are key areas. Whilst energy remain volatile, we have seen costs reduce since budgets were set for the current year and significant savings are included for those and explained later in this report.
- Significant Income budgets under the Council's decision making are inflated at 4% standard and services can adjust as needed as budget pressures (to go lower) or savings (to go higher) as needed.

Staff Costs

- Staff costs account for over half of all council costs. For the current and previous financial years, pay awards have been based on a cash increase to all pay points in the NJC pay structure, resulting in high percentage increases lower down in the pay grades and lower in the higher grades. Teacher's pay has been based on a more traditional percentage increase across the pay scales. Our planning assumptions for NJC and Teacher's pay assume the continuation of these albeit at lower levels to the previous two years.

- NJC pay award assumption is a £1,340 cash increase (£1,925 in 2022/23 & 2023/24) for pay points up to point 43, equivalent to an average 4.2% across this range, and 2.6% on pay points thereafter. This follows the pattern/structure of the last two year's pay awards, albeit at lower levels.
- Teacher's pay award assumption is a 4.0% increase (from September 2024)

As noted above, the minimum wage and real living wage both increased significantly recently, and these have largely driven the above assumptions.

Service Demand

- The Council is experiencing exceptional levels of demand and cost pressure in some areas, most significantly in Children's and housing services. Demand pressures are closely monitored as part of the Council's 'risk based' financial management arrangements and these provide information to assess demand alongside other considerations.
- Increasing demand is also exacerbated with significant workforce pressures in the social care sector and fragility of the care market.
- In housing service, the main issue is the continuing large number of individuals/ households accommodated in temporary accommodation, due to the lack of suitable accommodation options. This has resulted in significant use of hotel and B&B options at a much higher cost than more traditional options. This is because of the inability of housing benefit subsidy to cover these costs as it is capped for short term accommodation; therefore, the additional cost falls to the council.

3.11 Detailed demand models for social care have been included within Appendix 4 and form the basis of the investments proposed for inclusion within the medium-term projections.

3.12 For 2024/25 specifically, the Council is currently planning to invest around £9,021k 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:

- £3,419k for increasing teachers' pension costs and £393k for increasing Additional Learning Needs both within Newport schools and outside.
- £3,074k for increasing demand (£2,774k) and other pressures (£300k) in social care for both children and adult services and investment in children looked after
- £600k for increasing demand in homelessness provision.
- £500k for capital annual sums

3.13 Detailed investments proposals will be finalised in the Cabinet's February meeting and will be done so considering feedback from the public consultation. As well as the permanent investment in the revenue budget, the Cabinet will also propose one-off investments, such as in relation to implementation costs arising from savings proposals, funded from current reserves.

3.14 The financial pressures facing the Council continue to come from pricing and inflation pressures over the three-year period, accounting for nearly £56m or 76% of total investment required over the next three years.

Capital programme and financing

3.15 Unfunded capital expenditure (i.e. not from external grants, capital receipts or reserves) undertaken by the Council gives rise to a need to borrow funds. This results in a long-term and fixed commitment to fund the associated revenue costs that come with this for the repayment of that borrowing (Minimum Revenue Provision (MRP)) and interest costs – together called 'capital financing costs'.

- 3.16 The Council's capital programme moved to a rolling 5-year programme starting from the current 2023/24 financial year. No new schemes funded from Council borrowing have been added to it and the current programme is made up of slippage from the previous 5-year programme and new schemes funded from grants and capital reserves. The capital financing costs arising from the existing schemes in the programme were fully funded as part of the 2021/22 revenue budget and, therefore, there is no requirement to make new revenue budget provision in connection with the current programme.
- 3.17 As outlined in the Council's Capital & Treasury Management Strategy, and in accordance with its legal obligations, the Council should only commit to unfunded capital expenditure (i.e. that funded via borrowing and, ultimately, the revenue budget via MRP/interest costs) where it is prudent, affordable, and sustainable to do so. Considering the significantly challenging revenue budget outlook facing the Council over the medium term, it would be difficult to argue that any new capital financing commitments, driven by new unfunded capital expenditure, would meet these criteria. In saying that, the Council will inevitably face unavoidable capital commitments from such events as building failures, with unavoidable and immediate impacts and other issues where there are no alternative choices. These will need to be assessed as and when they arise, though the financial impact of approving these are potentially very serious and challenging. At this time therefore, given the context described above, the draft revenue budget for 2024/25 and the MTFP do not include any revenue provision for new unfunded capital expenditure. Any new capital expenditure requirements from 2024/25 will need to be fully funded from external or existing resources, such as capital receipts or WG grants. In addition, service changes requiring capital investment, could be funded from savings or re-prioritised budgets which may come about as part of those changes.

School's funding

- 3.18 The MTFP identifies pressures relating to schools amounting to £9,454k in 2024/25, which equates to an increase of 7.3% on the current schools' budget. This is based on an assumed level of inflationary pay award and non-pay increase as noted above in paragraph 3.10, cost pressures highlighted in paragraph 3.12 and the additional costs of new / expanding schools. For the full three-year MTFP period, assessed school pressures amount to nearly £24m, based on current assumptions. These will, like other MTFP assumptions, need to be reviewed regularly and any actual proposed funding increases confirmed through the budget process. Table 3 below sets out the detailed school budget pressures over this timeframe.
- 3.19 The draft budget includes budget provision for an increase in teacher's pension costs at £3,419k and it is assumed and expected that further funding will be made available from the Welsh Government for this. At this time, the Welsh Government is waiting on confirmation from the UK Government on consequential funding to its budget for this which will be distributed to councils. It therefore remains a potential risk at this time for funding and an update on the position will be included in the final budget proposals in February.

Table 3: School budget pressures 2024/25 to 2026/27

	2024/25 £k	2025/26 £k	2026/27 £k
Teaching Staff – pay award assumption	4,026	3,367	3,066
Non-teaching staff – pay award assumption	2,404	1,621	1,550
Contract/Income inflation	(669)	1,018	1,142
New & growing schools	(37)	1,273	1,360
Teachers' Pension increases	3,419		
Other school investments	311	519	

Summary of key budget assumptions

- 3.19 The budget gap results from the various factors outlined above. The table below summarises these and provides a sensitivity analysis for the assumptions, for information.

Table 4: Summary of key assumptions

	2024/25 Actual	2025/26 Budget Planning Assumption	2026/27 Budget Planning Assumption	Sensitivity Analysis +/- 1% change
RSG Increase - core	13,450k	-	-	£3,000K
RSG Increase – data driven changes		500k	500k	n/a
Council Tax – 8.5% 24/25 and 4% thereafter	7,195k	3,521k	3,662k	£711K
Pay inflation – average 4% 2024/25 and 3% thereafter	10,153k	8,026k	7,528k	Teacher's - £550k NJC - £1,150k
Contract inflation – various	6,717k	10,008k	10,787k	Energy- £110k Care providers - £666k

4 Budget savings

- 4.1 The Council is required by law to set a balanced budget every year. Therefore, there has been a need to consider all potential options for addressing the budget gap. Given the very real potential prospect for significant funding shortfalls over the last two years of the current MTFP, it is important to agree a sustainable and prudent budget to provide a solid foundation to move on from.
- 4.2 The identification of significant new savings is a requirement to balance the budget for 2024/25. The draft proposed savings identified for 2024/25 to date total £5,130k, of which £4,417k are new savings with £713k being full year impact of already agreed savings as part of the current 2023/24 financial year. The table below provides a summary of the new savings by decision over the 3-year planning horizon.

Table 5: Summary of projected savings

Saving Decision Type	2024/25 £K	2025/26 £K	2026/27 £K	Impact on posts FTE
Budget savings for full Cabinet recommendation. (Appendix 2)	592	55	0	0.6
Budget savings delegated to officers. (Appendix 3)	3,825	126	126	12.5
TOTAL BUDGET SAVINGS	4,417	181	126	

- 4.3 The Cabinet takes some budget decisions collectively for Council consideration. These proposals total £592k for 2024/25 and £647k 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 £3,825k for 2024/25 and £4,077k over the life of the MTFP are listed in Appendix 3.

Fairness and Equality Impact Assessments (FEIAs)

- 4.4 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. FEIAs for all proposals requiring one can be found [here](#).

5 Budget process and consultation

5.1 This report presents the draft proposals for the 2024/25 budget. The report asks Cabinet to note:

- the position on developing a balanced budget for 2024/25, acknowledging that the position will be subject to ongoing review and updates.

5.2 The report also asks Cabinet to agree a series of proposals for public consultation. This includes:

- proposed budget investments in Appendix 2.
- proposed savings in Appendix 2 and 3 (summary tables) and Appendix 10 and 11 (detailed saving proposals).
- proposed fees and charges in Appendix 5.
- the position regarding the proposed school funding for 2023/24 in section 3

Budget engagement

5.3 As part of a cycle of engagement to inform budget setting and Council spending, pre-budget engagement is undertaken every year. This year, as part of the work on the community safety Strategic Needs Assessment a public survey was undertaken in the summer. The opportunity was taken to ask respondents to give their views on how community safety and community cohesion compares to other local issues in terms of Council services and spending. We received almost 300 responses which indicated the high importance the public attach to both community safety and cohesion. These findings are made available to senior decision makers as part of the budget setting process.

5.4 The proposed investments set out in this report have been identified with previous public engagement in mind, and citizens will now be invited to give their views on the draft budget and medium-term financial plan during the consultation period. Unlike during the Covid-19 pandemic, the Council again faces severe financial pressures, and this is reflected in the consultation, which will focus on the proposed cost savings and proposed increase to council tax which are needed to balance the budget.

Below is this year's timetable for consulting on and approving the 2024/25 budget:

Table 6: Budget consultation timetable 2023/24

Cabinet agrees draft budget proposals as a basis for consultation	10 January 2024
Consultation period	11 January 2024 to 9 February 2024
Cabinet considers feedback from consultation and agrees final budget recommendations to Council including Council Tax rate	14 February 2024
Final time / date for members / groups written amendments on budget proposals for Council consideration to be received by the 'proper officer' (Head of Law & Standards)	5.00pm, 21 st February 2024
Council approves the 2024/25 budget, service funding and Council Tax rate	29 February 2024

6 Risk, financial resilience, and performance

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

Risk

6.2 The Council maintains a corporate risk register, which is regularly reviewed by the Corporate Management Team and Cabinet, as well as the Governance & Audit Committee from a procedural / risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required.

6.3 The quarter 1 corporate risk register reported to September 2023 Cabinet identified 15 risks that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations. Overall, 9 of these risks are severe and, in many cases, link the issues set out within the economic context and earlier sections 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 several risks identified in the risk register that to fully mitigate would be unaffordable. In these cases, the risk is identified, and the Council needs to consider and assess how best to mitigate and continue lobbying WG to provide more funding in these areas, as these risks are not unique to Newport. 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 Council's financial planning.

6.4 Four current risks with significant uncertainty are (i) stability of social services providers, (ii) pressures on adult services (iii) pressure on delivery of children services and (iv) pressure on housing and homelessness services and in the case of challenges facing social care have already been considered earlier in this report.

6.5 A number of budget investments /pressures are included in this draft budget which directly impact positively on some current risks in the corporate risk register:

Table 7 – Corporate Risk register and the draft budget

RISK	DRAFT BUDGET
Demand for education Additional Learning Needs / Special Education Needs support	budget pressure included in the draft budget
Education out of county placements	
School Finance / cost pressures	no savings included for schools in the draft budget core funding for pay currently funded via grant which is stopping and funding of increased school pupil numbers in the draft budget
Pressure on housing and homelessness	budget pressure included in the draft budget
Stability of social care providers	budget inflation fully funded to maintain at least a living wage level to care providers staff in the

Pressure on adult services	draft budget
Pressure on delivery of children's service	budget inflation fully funded to maintain at least a living wage level to care providers staff in the draft budget budget pressure for increased demand and investment in the safeguarding hub included in the draft budget
Welsh Government net zero carbon target by 2030	The budget saving for reduced energy costs for 2024/25 is 'net' of £500k which has been earmarked / invested for annual match funding for WG funding streams in relation to net zero projects

6.6 In the context of the challenging economic climate, whilst there are potential options to manage these risks, the likelihood is that the following areas of mitigation will be required to support the challenges set out above. Appendix 9 sets out the current risks included within the register.

- existing revenue contingency budget;
- existing revenue budgets not yet committed and could, in whole or part, be set aside to manage revenue budget risks in the short term;
- specific reserves earmarked for budget risks;
- investment in revenue budgets to mitigate risks on an on-going basis.

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

Financial Resilience

6.8 A robust view is taken in managing budget risks and protecting the financial health of the Council. The following are key considerations for the HoF in fulfilling his s151 responsibilities in this regard:

- Close monitoring of a number of key indicators relevant to financial resilience. A 'snapshot' of these are shown in Appendix 6 showing an overview of the health of the Council currently. Key headlines include:
 - The relatively low funding levels for the Council due to low Council Tax.
 - A relatively high level, by historical standards, of unachieved savings.
 - Increasingly high levels of service area overspending which has been mitigated by contingencies and non-service underspends to date but the ability for this to continue is reducing significantly from 2024/25 onwards.
 - A growing 'Capital Financing Requirement' and 'Liability Benchmark' which measures the Council's underlying need for borrowing.
 - A relatively large internal borrowing position in the context of high interest rate environment, diminishing cash reserves and reserves which are reducing over the short to medium term.
- *Earmarked & General Reserves*: In line with planned use, earmarked reserves are forecast to reduce by c£26m in the current 2023/24 year and whilst the total remaining is still relatively high at c£112m, nearly all of these are earmarked for specific purposes. However, as a last resort they do provide some mitigation but use of them means that the original purpose would be affected and/or would result in a budget pressure to build those reserves up again, as well as delaying the identification of recurring mitigation for the identified budget gap.

- *Revenue Contingency budget – General Reserves:* The contingency base budget and other specific risk reserves held by the Council are taken into consideration when assessing the level of the general reserve and help to mitigate the risk to the Council. The general reserve is increasingly becoming too low, as the Council's net budget increases each year but can be maintained at that level due to the overall level of reserves which, in the last resort, provide more than adequate financial mitigation, albeit with resulting impacts as noted above.
- *School budgets- Reserves:* Although the position in relation to school reserves has improved over the last couple of years, there is a forecasted large reduction in these in 2023/24 as they spend additional grants received over those years and more worryingly, overspending in their day-to-day activities. The forecast net spends against school budgets this year will see reserve balances reduce by nearly £5m to £9.8m at the end of this financial year.
- *Current budget savings-managing the revenue budget – demands on the revenue budget:* The Council has identified and continues to monitor budget reductions of nearly £12m in 2023/24 and whilst understandable delays in delivery is evident, HoS continue to confirm they can and will be implemented though are high, by historical standards at this point. This needs to be viewed within the context of continued significant demands which are faced by service areas, namely children's social care and homelessness, which have been highlighted throughout the year as part of the budget monitoring process. Mitigation for these have been mainly provided from planned savings on the Council's 'capital financing budgets' but this will reduce from 2024/25 onwards as the capital programme is delivered. Whilst financial management is increasingly challenging in some areas, all services need to ensure they spend at their approved budget levels and the budget investments provided in the budget will assist in this respect.
- *Transformation Programme -* The Council has yet to finalise a developed and costed strategic transformation programme and work on that is on-going. Several individual projects have already started but some of these and key projects in Children's social care and homelessness, which have not yet started have yet to finalise business cases. The development of a costed programme, with target savings and an appropriate governance structure to support and review progress is key to the future financial sustainability of the Council. The Council has its 'transformation plan fund' (previously invest to save) reserve to fund the one-off cost of change and Cabinet have already been recommended to invest the current year's underspend back into this reserve to ensuring on-going sustainability of this reserve which is key. The programme is integral to developing ongoing financial sustainability whilst also ensuring key services can be delivered.
- *Loss of specific grants and worsening homelessness finances –* The settlement was received on the 20th December and confirmed potentially large reductions in several key grants streams, some of which fund demand led services. The Cabinet will need to consider and where needed, address these in the final budget recommendations. As noted earlier in this report, a significant investment in homelessness provision is already included in the budget but at this time, further pressures are also evident and will also need further consideration and addressing in the final budget. Lastly here, funding for the teacher's increased pension costs is still outstanding and this will need to be reviewed as the final budget recommendation is conformed in February 2024.

6.8 The HoF will need to consider all of the above when a final budget is proposed to the Council. It is evident that whilst finances have been managed very robustly in recent years, the on-going challenges in services managing within budgets, delivery of savings and managing future borrowing requirements will be difficult in the forthcoming MTFP period and all done within an environment of low funding coming from relatively low Council Tax and increasing demand on 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	H	H	<ol style="list-style-type: none"> 1 Use of contingency, where required 2 Use of reserves, where appropriate 	Head of Finance Exec Board
Planning parameters around Welsh Government revenue grant are incorrect over medium term	H	M	<ol style="list-style-type: none"> 1. Use of contingency, where required 2. Keep the assumptions under constant review 3. Use of conservative assumptions 	Head of Finance
Increasing budget pressures over medium term	H	M	<ol style="list-style-type: none"> 1. Manage demand, where possible 2. Keep MTFP under constant review 3. Exec Board review all budget pressures within MTFP 	Exec Board

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

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

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.

Preferred Option and Why

To consult on the new medium-term package of investments and savings to ensure a sustainable offering deliverable over the medium term.

Comments of Chief Financial Officer

The budget report is seeking Cabinet approval to begin consultation on a range of draft budget proposals. Cabinet will agree final proposals in their February meeting after considering consultation feedback. Final proposals will be considered by full Council in their February meeting and a budget agreed, alongside a Council Tax rate, at that point.

There are outstanding issues that remain to be worked through between this time and the final budget proposals as officers work through the detailed issues of the settlement, in particular specific grants and other issues like levies. These will inevitably lead to considerations of further budget investments / pressures and savings as it does every year.

In the context of potential real terms reductions in RSG funding from 2025/26 onwards, delivering a robust budget is important as it provides a solid foundation to move into those future years. The draft budget here does not rely on a general use of reserves to 'balance the budget' and that is important in

this respect. Similarly, developing a more medium term, strategic approach to identify budget savings will be more important than ever. Whilst a number of corporate wide transformation projects are on-going, there is still a need for further plans in other areas, in particular Children's services and housing services to manage the demand and cost issues impacting on these areas. A key requirement will also be to identify financial savings from these projects as soon as practically possible and appropriate governance arrangements to support and monitor progress.

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 proposals and council tax rate set out in the Report in order to deliver a balanced budget for 24/25 and as the basis for public consultation, where the relevant business cases will have an impact on service delivery and are not 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 full Council approval of the annual revenue budget and council tax rate for 24/25. Relevant 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 acting fairly in terms of the impact of the proposed changes on service delivery. In addition, where specific proposals require more focussed consultation with staff and key stakeholders, this will be carried out prior to the implementation of any proposed changes. The setting of the overall base budget and council tax rate for 24/25 is a matter for full Council as these are non-executive reserved matters under the Constitution.

Comments of Head of People, Policy and Transformation

This report describes the challenging financial position facing the council, its residents, staff, and businesses. The financial position for 2024/25 reflects the increasingly challenging situation in the medium term which is expected to impact on service delivery and meeting our public sector duties. Officers across service areas are working closely to support actions to enable a balanced budget across the council.

Public consultation will take place on the proposals as outlined in the report. Any direct impact on Council staff will require formal consultation with those staff impacted and the relevant recognised Trade Union Officers. The Human Resources team are supporting senior officers and staff members during this period and will continue to do so during consultation period. Minimising the impact on staff will be a priority, however the scale of budget challenge will likely mean that the Council may have to make redundancies though the numbers are low by historical levels, especially on posts which are currently occupied. Feedback from consultation, both public and staff, will be included in the report to Cabinet in February and decision making around proposals will consider relevant feedback.

The Fairness and Equalities Assessments undertaken will be amended following consultation with due consideration for ensuring we meet our public sector equality duties with all decisions.

Scrutiny Committees

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

Fairness and Equality Impact Assessment:

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

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

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

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

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

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

Consultation

Details included within body of the report.

Background Papers

November Revenue Budget Monitor
2023/24 Budget and Medium-Term Financial Plan (MTFP)

Dated: 4 January 2024

APPENDIX 1
Budget investments for People Directorate

Mae'r dudalen hon yn wag yn

New Pressures and Investments

Service Group	Category	Description	2024/25 £'000	2025/26 £'000	2026/27 £'000
Social Services					
Children Services	Demand – Social Care	Out of Area Residential Placements - the number of children that will be in externally provided Out of Area placements from April 24 exceed the current budget available.	2,264	0	0
Children Services	Demand – Social Care	Emergency Placements – a temporary pressure whilst additional placement capacity is created.	400	0	(400)
Children Services	Demand – Social Care	Legal fees associated with children’s cases.	110	0	0
Children’s Services	Demand – Social Care	Safeguarding Hub additional resource requirement.	190	0	0
Adult Services	Other	Additional contribution to the GWICES pooled arrangements from all partners to pay for the increased cost of living incurred by supplier.	56	0	0
Adult Services	Other	IDVA Contract - Gwent Directors of Social Care agreed to increase funding for the VAWDASV service where NCC is the Lead Authority.	54	0	0
Education					
Non Schools	Demand - Other	SEN Out of County (OOC) and Local provision (LPD) pupil demand. Demand increasing by 4 places at Sporting Chance provision at an average cost of £25k and 4 places at Catch 22 provision at an average cost of £28k. These additional places will grow capacity locally and avoid more expensive OOC costs.	162	0	0

Appendix 1 – Budget Pressures and Investments

Total New Pressures and Investments	4,841	975	215
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Tudalen 36

Appendix 1 – Budget Pressures and Investments

Previously agreed / revised pressures and investments

Service Group	Category	Description	2024/25 £'000	2025/26 £'000	2026/27 £'000
Social Services					
Children Services	Demand – Social Care	The creation of 2 fully staffed NCC owned annexes and the use of Brynglas Bungalow to provide 5 new placements and will avoid the use of unregulated, more expensive placements.	0	2,222	0
Adult Services	Demand – Social Care	Increased demand on Adult Learning Disability Budget arising from learning disability (LD) children turning 18 and LD clients who were previously looked after by relatives now requiring care.	0	277	0
Education					
Schools	Demand – Other	ALN funding to schools to support universal ALN provision.	231	467	0
Schools	Other	Increase in the teachers' pension employers contribution rate from 23.68% to 28.68%. To take effect from April 2024.	3,419	0	0
Total previously agreed / revised pressures and investments			4,180	3,486	320

Tudalen 37

Mae'r dudalen hon yn wag yn

APPENDIX 2
New budget savings for People Directorate for Consultation

Mae'r dudalen hon yn wag yn

Appendix 2 – Budget Savings for Consultation - Proposals

Proposal Number	Service Area	Proposal Title
1	Adult Services	Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required

Mae'r dudalen hon yn wag yn

MTFP Budget Saving Proposals

2024/25 to 2027/28

		2024/25 Saving £'000	2025/26 Saving £'000	2026/27 Saving £'000	2027/28 Saving £'000	FTE Impact	FTE Filled	FTE Vacant	Head Count	FEIA Required	Decision Point	Consultation Required
Savings												
Reference	Title											
01	Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.	109	0	0	0	0.00	0.00	0.00	0.00	Yes	Cabinet	Yes

One off implementation costs

Revenue - redundancy / pension	0	0	0	0
Capital - building related	0	0	0	0
Other	0	0	0	0
Total implementation costs	0	0	0	0

Proposal Summary

Provision of care and support under the Social Services and Well-being (Wales) Act 2014 , requires assessment and provision of services for those adults requiring a package of domiciliary care to remain living independently in the community. Ensuring robust assessments are in place and a greater emphasis on community resources will lead to a small reduction in the number of packages of care agreed each year. To ensure all assisted technology equipment is considered within the assessment will have a positive impact on the level of care hours required.

Specific Links with the Corporate Plan including climate implications of the proposed work

Strengthening and investing in services, ensures local and sustainable services are available for Newport residents, and enables families and friends to be in contact whilst having their care and support needs met. We have worked to develop walking runs for the delivery of domiciliary care ensuring a community connectivity and alternative delivery of care, which assists in supporting the climate change agenda. This work will continue to develop and the reduction in care hours and the use of assistive technology will also assist with climate targets.

Specific Links with Wellbeing of Future Generations Act (WFG) Act

The long term sustainability of our domiciliary care services is essential to our communities to ensure they can continue to live within the City when they require supportive and positive care in their community. We will continue to work with local providers to deliver timely and effective packages of care. The investment and procurement of local providers of care services ensures the local economy is supported and invested in for local residents.

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APPENDIX 5
Fees & Charges for People Directorate for Consultation

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Appendix 5 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Social Services

Income Source	23-24 Charge	Proposed 24-25	Unit of Charge (per	%
Other Local Authority Charges				
NCC Residential Homes (£ per week)				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
Respite Facilities (£ per week)				
Centrica - additional direct care support		variable depending on need		
Centrica - Standard rate	1,263	1,996	per week	58.1%
Day Services (£ per week)				
Short Breaks - sessional rate	57	61	per session (half day)	7.6%
Children's Residential charge to other LA or Health (£ per week)				
In-house children residential homes	Variable depending on needs of the child			
Newport Residents Charges				
NCC Residential Homes (£ per week)– stays over 8 weeks and permanent admissions).				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>				
NCC Residential Homes Respite/Short stays up to 8 weeks (£ per week)				
Blaen-y-pant - Residential & Dementia Care	Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.			0%
Parklands - Residential Care				
Spring Gardens - Dementia Care				
Respite Facilities (£ per week)				
Centrica				
Supported Housing (£ per week)				
Supported Housing for Learning Disability clients				
Day Services (£ per day)				
Day Services/Opportunities – Learning Disability				
Day Services/Opportunities – Mental Health/Older People				
Spring Gardens Short Breaks				
Legal and Administration Charges				
Deferred Payment Administration Charge (DPA)	£158	£290	each	83.5%
Legal charge	£210	£210	each	0.0%
Interest Charges	Variable - applied to property sales			
Residential care - provided by external providers				
<i>Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.</i>			Residents charge will be dependent on weekly charge from external provider	
Non-residential care - provided by external providers				
Direct payments				
<i>Where services are provided by external providers the charges made are based on actual costs paid to providers (after income assessment has been made)</i>			Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.	
Telecare				
Telecare package	Dependent on external provider charge			
New telecare package installation charge	£0	to be introduced in 24-25. Work on-going to determine charge		
Pendant Alarm monitoring basic package	£5	£5	per alarm per week	0.0%
Appointeeships				
Residential/Nursing	£32.88	£66.43	per month	102.0%
Supported Living/Community based/Complex	£60.32	£108.38	per month	79.7%
Management of Funerals	£25 p/hr	£1,854	per Funeral	
Management of mobility cars	£250	£1,030	per annum	
Deputyships				
Dependent on external provider charge				
Animal welfare/property clearances				
Dependent on external provider charge				
Protection of property NCC administration charge	0.00	49.50	per week	
Protection of property	Dependent on company charge			

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Scrutiny Report

Performance Scrutiny Committee – People

Part 1

Date: January 2024

Subject Scrutiny Adviser Report

Author Scrutiny Adviser

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

Invitee:	Role
Samantha Schanzer (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. Action Plan

Consider the Actions from previous meetings (**Appendix 1**):

- *Note the responses for the actions;*
- *Determine if any further information / action is required;*
- *Agree to receive an update on outstanding issues at the next meeting.*

2. Committee's Work Programme:

Consider the Committee's Forward Work Programme Update (**Appendix 2**):

- *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?*

3. Information Reports

Note any information reports that have been circulated to Committee.

2 Context

Background

Action Sheet

- 2.1 Attached at **Appendix 1** is the Action Sheet from the Committee meetings. The updated completed actions are included in the table.
- 2.2 Any actions that do not have a response will be included on the Action Sheet at the next meeting to ensure that the Committee can keep track of outstanding actions.

Forward Work Programme

- 2.3 Attached at **Appendix 2** is the Forward Work Programme. 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.
- 2.4 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).
- 2.5 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.
- 2.6 The Forward Work Programme was set in August 2022 and is then managed and implemented by the designated Scrutiny Adviser for this Committee under the direction of the Committee Chairperson.
- 2.7 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.

Information Reports

- 2.8 No new information reports have been received at this time.

3 Information Submitted to the Committee

- 3.1 The following information is attached:

Appendix 1: Action Sheet from Previous Meetings;

Appendix 2: Forward Work Programme

4. Suggested Areas of Focus

Role of the Committee

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

- **Action Sheet from Previous Meetings - Appendix 1**
 - Consider the responses to the actions from the meeting;
 - Are you satisfied that you have received the necessary information?
 - Are there any further issues arising from the responses that you would like to raise?
 - For the actions that do not have responses – these actions will be rolled over to the next meeting and reported back to the Committee.
- **Forward Work Programme Update - Appendix 2**
 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 the Performance Scrutiny Committee – People 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

Well-being Objective	1 – Economy, Education and Skills	2 – Newport’s Environment and Infrastructure	3 – Preventative and Equitable Community and Social Care	4 – An Inclusive, Fair and Sustainable Council
Aims:	Newport is a thriving and growing city that offers excellent education and aspires to provide	A city that seeks to protect and enhance our environment whilst reducing our carbon	Newport is a supportive city where communities and care are at the	Newport City Council is an inclusive organisation that places social value, fairness

	opportunities for all.	footprint and preparing for a sustainable and digital future.	heart of what we do.	and sustainability at its core.
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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 2022-27](#)
- The Corporate Assessment and [follow up assessment](#)

Report Completed: January 2024

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**PERFORMANCE SCRUTINY COMMITTEE - PEOPLE
ACTION SHEET**

	Agenda Item	Action	Responsibility	Outcome
1	End of Year Reviews – Social Services	Organise a setup session for Members on assistive technology	Mary Ryan / Sally Ann Jenkins	ONGOING
2	End of Year Reviews – Social Services	Organise a site visit to Newport Market to demonstrate the assistive technology	Mary Ryan / Sally Ann Jenkins	ONGOING
3	End of Year Reviews – Social Services	Provide a written update regarding Specialist Fostering Placements	Natalie Poyner / Sally Ann Jenkins	CHASED
4	End of Year Reviews – Social Services	Provide further information to demonstrate the impact on service users as a result of the merge of the Prevention and Resilient Communities teams.	Caroline Ryan Phillips / Sally Ann Jenkins	CHASED
5	Estyn Inspection Outcomes Report 22-23	Provide an information report on what outreach is done with pupils and families who are struggling with returning to school post-Covid, those who are struggling with attendance and NEETs.	Sarah Morgan/Sarah Davies	CHASED
7	22-23 Service Plan Mid Year Report – Education Services	Provide the figure for the 1.2% of Education employees actively engaged in learning Welsh	Sarah Morgan	COMPLETE
8	22-23 Service Plan Mid Year Report – Education Services	Provide information on how many Fixed Penalty Notices had been issued and evidence of Fixed Penalty Notices' effectiveness.	Sarah Morgan	

10	22-23 Service Plan Mid Year Report – Education Services	Provide an update on the demolition of Millbrook Primary School closer to the time of demolition	Sarah Morgan	
11	22-23 Service Plan Mid Year Report – Education Services	Provide further information on Welsh Language in schools and the work being done to encourage Welsh Language in English medium schools	Sarah Morgan	
12	22-23 Service Plan Mid Year Report – Social Services	Provide an information report regarding the work being done for care leavers, including housing.	Sally Ann Jenkins/Natalie Poyner/Caroline Ryan Phillips	

Scrutiny

Performance Scrutiny Committee – People

Draft Work Programme: June 2023 to May 2024

Meeting	Agenda Items
06/06/2023	<ul style="list-style-type: none">• Director of Social Services Annual Report
11/07/2023	<ul style="list-style-type: none">• End of Year Performance Reviews - Education
25/07/2023	<ul style="list-style-type: none">• End of Year Performance Reviews – Social Services
26/09/2023	<ul style="list-style-type: none">• Estyn Outcomes in Newport Schools Annual Report
28/11/2023	<ul style="list-style-type: none">• Mid Year Performance Reviews – Education
12/12/2023	<ul style="list-style-type: none">▪ Mid Year Performance Reviews – Social Services
02/01/2024	<ul style="list-style-type: none">• Budget Proposals and MTFP – Consultee Meeting
20/02/2024	<ul style="list-style-type: none">• Regulated Services Reports• Short Breaks Offer
26/03/2024	<ul style="list-style-type: none">• Recruitment and Retention Report for Social Services and Education• Key Stage 4 Outcomes

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