Pecyn Dogfennau

Agenda

Cabinet

Dyddiad: Dydd Mercher, 15 Tachwedd 2023

Amser: 4.00 pm

Lleoliad: Ystafell Bwyllgora 1 - Canolfan Ddinesig

At: Cynghorwyr: J Mudd (Cadeirydd), D Davies, D Batrouni, J Clarke, Y Forsey, D Harvey, J Hughes, L Lacey and S Marshall

Eitem		**Wardiau Dan Sylw**
1	Ymddiheuriadau dros Absenoldeb	
2	Datganiadau o ddiddordeb	
3	Cofnodion y cyfarfod diweddaf *(Tudalennau 3 - 10)*	
4	Monitor Cyllideb Refeniw *(Tudalennau 11 - 28)*	
5	Adroddiad Monitro ac Ychwanegiadau Rhaglen Gyfalaf: Medi 2023 *(Tudalennau 29 - 48)*	
6	Adroddiad Monitro Hanner Blwyddyn ar Reoli'r Trysorlys 2023/24 *(Tudalennau 49 - 66)*	
7	Canslo adroddiad premiymau treth *(Tudalennau 67 - 74)*	
8	Diweddariad ar y Prosiect Hamdden a Lles *(Tudalennau 75 - 82)*	
9	Adroddiad digidol blynyddol 2022/23 *(Tudalennau 83 - 124)*	
10	Adroddiad blynyddol ar sylwadau canmoliaeth a chwynion 2023 *(Tudalennau 125 - 148)*	
11	Pwysau Allanol NCC - Costau Byw *(Tudalennau 149 - 154)*	
12	Rhaglen Waith *(Tudalennau 155 - 162)*	

Mae'r dudalen hon yn wag yn

Minutes

Cabinet

Date:	18 October 2023
Time:	4.00 pm
Present:	Councillors J Mudd (Chair), D Davies, D Batrouni, J Clarke, Y Forsey, D Harvey, J Hughes, L Lacey and S Marshall

1 **Apologies for Absence**

None received.

2 **Declarations of Interest**

Councillor Hughes was Chair of the Gwent Regional Partnership Board.

3 **Minutes of the Last Meeting**

The Minutes from 13 September were accepted as a true record.

4 **Gwent Regional Partnership Board Area Plan/Gwent Regional Partnership Board Annual Report**

The Leader introduced the first item on the agenda today, which was the Gwent Regional Partnership Board (RPB) Annual Report as required in the Social Services and Wellbeing (Wales) Act 2014.

The Strategic Director, as the designated Director for Social Services, had a statutory duty under the Social Services and Wellbeing (Wales) Act 2014 (SSWB) and as amended by the Regulation and Inspection of Social Care (Wales) Act 2016 to produce an annual report.

The Gwent RPB Annual Report set out duties for the Council to complete an Area Plan and Annual Report.

The Welsh Government set out the statutory framework for the development of our regional Area (action) Plan to include how joint health and social care priorities would be delivered in partnership across the region.

The RPB fully adopt the Wellbeing of Future Generations (Wales) Act 2105 (WFG) principles and were aligned to the SSWB Act principles.

The progress on the delivery of our Area Plan was set out in the RPB Annual Report. The format and nature of the report was determined by Welsh Government with a requirement for the report to be submitted to the Welsh Government and statutory partners.

The report highlighted that in Children's Services, the correlation between accessing care and support and poverty was well documented in research. In adult social care the role of

This document is available in Welsh / Mae's ffurflen hon ar gael yn Gymraeg

unpaid care givers created particular socio-economic challenges for those with high levels of vulnerability.

During 2022 -2023, the impact of the cost-of-living challenge can be clearly seen in the referrals and requests for support to Social Services and the increasing demand for Prevention and Inclusion Services. This impact was reflected throughout this report.

The Leader was pleased to note that there was a good discussion with Members when the report was presented to the Council's Performance Scrutiny Committee (PSC) for Partnerships on Tuesday 10 October. The Leader thanked the Chair of PSC for their contribution.

The Leader invited the Cabinet Member for Social Services (Adult Services) to say a few words.

The report set out the Council's responsibilities focussing on working with partnership organisations to create synergy across the services. Councillor Hughes attended a recent in-house staff conference with his Cabinet Member colleague Councillor Marshall, which showed how the Council came together. Taking pressure off the NHS was crucial as well as decreasing the number of babies, children and young people entering care. Health and social care services were under immense pressure and support for young families, keeping young people out of care as well as looking after an increasingly aging population was a financial challenge. Working to strengthen partnerships was making a real difference as there was an increased focus on community care and integrated pathways of care in Newport and the Council was leading the way. Councillor Hughes thanked members of the Performance and Scrutiny Committee - Partnerships for their contribution.

Comments of Cabinet Members:

▪ Councillor Davies welcomed the latest action plan, which adopted the Marmot principle with a focus on mental health. Councillor Davies looked forward to seeing future reports with their progress documented.

Decision:

Cabinet
1. Considered the joint regional commitments within the Area Plan.
2. Reviewed the RPB Annual Report and progress made against the objectives; and provided any feedback/comments.

5   **Bassaleg Bridge**

The Leader presented to Cabinet colleagues, the next report in relation to Bassaleg Bridge. The report provided background on the work undertaken since the structural defects in the bridge were identified, and the details and outcomes of an options appraisal exercise undertaken.

The report was for noting the need for a new structure, to agree that Option 3, being an offline replacement of the bridge, but in close proximity, was the preferred option and to agree and note the Welsh Transport Appraisal Guidance (WelTAG) assessment required to assist with this and help in securing external funding.

Bassaleg Bridge suffered scour damage which resulted in an emergency closure. Following this closure, stabilisation works was undertaken, and the bridge was opened to pedestrians. Since that time, unfortunately, due to the condition of the bridge, it was concluded that work to repair and rehabilitate the structure was not possible.

On that basis, officers looked at a number of options to deal with this issue and was seeking to progress an option that would see the replacement of the existing bridge with a new bridge in the immediate vicinity of the existing bridge.

Clearly this was not an easy or quick task, nor was it a low-cost option and the costs identified at this early stage of £5.6M - £9M far outstripped the Council's available resources. Officers engaged with Welsh Government were advised that their "Resilient Roads" funding stream could be used to bid for funding to commence design and other preparatory works on a replacement bridge.

Welsh Government advised that any bid for funding should be accompanied by a Welsh Transport Appraisal Guidance assessment, and this would be progressed to enable a bid to be made.

The Council fully appreciated the disruption to the residents of Forge Mews that the ongoing closure of the bridge to vehicles was having on them. The Council engaged with residents since the initial closure of the bridge and the subsequent reopening to pedestrians. Pedestrian access continued to be maintained and the structure monitored to ensure it was safe for this purpose and emergency access has also been maintained since this time. This would continue while the Council made progress on the replacement bridge. Residents were advised of the current position and plans, and they would continually be informed as progress was made.

Comments of Cabinet Members:

▪ Councillor Lacey was pleased that the report was presented to Cabinet and wanted to reiterate the cost position. Taking this into account, it was right for the Infrastructure team to monitor the movement over a significant period of time, working with consultants and external agents to rule out work to be done. The Council was now looking to seek funding of £40,000 to provide the WelTAG assessment for Welsh Government in order to apply for the funding. Councillor Lacey therefore fully supported Option 3 within the report.

▪ Councillor Clarke echoed the comments of his cabinet colleagues and fully supported the report.

Decision:

Cabinet
1. Noted the need for a new structure and agreed that Option 3, outlined in the report was the preferred option.
2. Agreed and noted the WelTAG assessment required to assist in the above and to assist in securing external funding.

6 **Corporate Plan Annual Report 2022/27 (Annual Corporate Wellbeing Self-Assessment included)**

The next report introduced by the Leader was the Council's Annual Corporate Plan Self-Assessment Report 2022-2023.

The purpose of the report was to provide an overview on the progress of delivery against the Council's Corporate Plan 2022-2027 and the effectiveness of the Council's governance and performance arrangements.

The report was prepared to comply with the requirements set out in the Well-being of Future Generations Act and the Local Government and Elections Act.

Cabinet Members noted that the report was presented to the Council's Governance and Audit Committee and the Overview Scrutiny Management Committee. The feedback and recommendations from both committees were fully considered by officers.

In summary, colleagues recalled that the Council approved its five-year Corporate Plan to deliver an *'Ambitious, Fairer and Greener Newport for everyone'*.

This annual report reflected on 2022-2023 and the achievements made by the Council as well as highlighting the challenges faced as an organisation.

Looking back at the last year it was an extremely challenging time for the Leader and Cabinet Members and officers across the Council, responding to the cost-of-living crisis, and the continuing pressures across front-line service.

Cabinet was committed to improving the delivery of services for communities and acknowledged that the challenges across our housing, social services, education, and highways needed a collaborative approach with partners, residents, and businesses.

This was even more challenging in the current financial climate, with the need to ensure the long-term sustainability of the Council's finances provided best value for its residents and businesses.

This was also supported by the continued commitment from the Chief Executive, her senior leadership team, and officers across the 11 service areas to respond and continue to improve the services delivered to residents across Newport.

As the report highlighted, a good start was made in 2 of the 4 Well-being objectives with the remaining 2 Well-being objectives needing further improvement.

The report also showed that the Council made significant progress in key areas such as Education, with no schools in Newport being in special measures following the improvements made by Newport High School and Malpas Church in Wales Primary School.

The Council continued to perform well across its waste services and the Leader was pleased to note a good start was made in reducing carbon emissions to achieve a target of being a net zero Council by 2030.

For the first time, the pay gap between men and women closed along with a range of important equalities work that was also covered with the next item of our agenda.

Within the Leader's portfolio for regeneration and economic development, the work that the Council was doing was acknowledged and its contribution with Cardiff Capital Region and Western Gateway to secure long-term, significant regeneration and economic development in Newport and the wider region.

Newport was securing its place as a leader of high-tech, semi-conductor industries in the region and the KLA semi-conductor plant development was just one of many examples, where 750 jobs were secured.

Even in the last month, Newport has welcomed Microsoft who will be setting up a data centre at Imperial Park.

Cabinet was fully aware of the challenges which city and town centres across the United Kingdom faced. Newport was in a period of transition as technology and society was changing in the way it shopped and interacted with each other.

The Leader was delighted to welcome the Minister last week who was pleased with the investment made in partnership with Welsh Government.

Cabinet was working towards ensuring that Newport's city centre was a place which would offer retail, accommodation, office space and a wide range of events for residents, businesses, and visitors.

Newport Market was making a positive impact, offering opportunities for small to medium sized retailers and food outlets.

Events such as the Newport Marathon, Newport Pride, Armed Forces Day, and the Food Festival showed Newport was a welcoming place which attracted people from across the country to visit and enjoy what Newport had to offer as a city. There was strong evidence that there was an increase of footfall due to these events.

Comments of Cabinet Members:

- Councillor Davies mentioned that it was a year since Council approved the wellbeing plan with the four clear objectives. None of the Newport schools were in special measures, there were only two other Local Authorities in Wales whose schools were not in special measures. Children were safe in Newport schools, and it was recognised where mental health was a challenge, that schools had worked to overcome this, providing bespoke provision for pupils. The schools were a credit to Newport and their best practice was emulated across the consortia and in Wales. Llanwern High received a professional teaching award under the Betty Campbell Category and Councillor Harvey should be especially proud of this award, as ward member.

- Councillor Forsey highlighted the excellent work on climate change and biodiversity, with improvement in electrical vehicles (EV) such as buses and refuse lorries and the reduction of carbon footprint within Council buildings. More consideration was given in relation to the Council's procurement systems as well as engaging with a wider community, regarding active travel routes and EV charging stations. Councillor Forsey thanked the biodiversity team for all their work and also thanked the Dragons RFC for their work on carbon footprint and wished them all the best for their match with Edinburgh on the weekend.

- Councillor Harvey mentioned that it was a good report and thanked all staff involved, who were not taking their foot off the pedal. Councillor Harvey agreed with Councillor Davies' comments and was pleased with Llanwern High and thanked all the staff within Newport City Council who provided 800 services within the city.

- Councillor Batrouni highlighted wellbeing objective four, listing the benefits of the work in the area. There was work to do with the digital strategy to support individuals in the community. The Council should be proud that 65% women occupied the highest paying jobs, which was no mean feat. Work needed to be developed in other areas such as LGBTQ+ communities and the Council website, which would see improvements in the near future.

- Councillor Clarke echoed the comments of his colleagues and also referred to the health and safety and public protection aspect, seizing of tobacco, assets, vapes and investigation into underage sales, was ongoing and there were positive stories in the report.

The Leader thanked colleagues for their comments and officers for the progress they made over the past year.

Decision:

Cabinet agreed the annual Corporate Plan self-assessment report and recommended that the report to be presented at full Council.

7   **Strategic Equality Plan Report**

The Leader introduced the Council's Annual Report on the progress against its Strategic Equality Plan 2020-2024 (SEP).

As colleagues recalled, under the Equality Act (2010), the Council was required to annually report on the progress it made against the strategic equality objectives within the Strategic Equality Plan, alongside staff equalities data.

The Equality Objectives were developed in partnership with key internal and external stakeholders and subject to extensive community engagement. The involvement of grassroots communities ensured that whilst the Plan delivered a strategic vision for equality in Newport, it also ensured tangible outcomes for our communities.

The SEP Annual Report 2022-2023 was reviewed by the Council's Overview and Scrutiny Management Committee on 9 October and their comments were included within the report.

Turning to the report itself, the Annual Report related to the third year of delivery against the Council's Strategic Equality Objectives.

The Leader drew attention to the summary of achievements table [pages 282 – 284] which highlighted progress against each of the objectives, such as:

1.   The use of participatory budgeting which allocated funding to 44 local community projects during this financial year alone.

2.   The promotion, support, and celebration of diversity across the city during significant dates, including Eid al-Fitr, Black History Wales (365), UN Anti-Racism Day and, of course, Pride in the Port, Newport's very own community Pride Event, which was going from strength to strength and was a real example of how communities came together to celebrate diversity and unity.

The Leader was passionate about equity, inclusion and diversity and it was encouraging to see the progress being made including the closure of the gender pay gap amongst officers, with gender equality also evident within members of the Cabinet.

The report concluded with staff equality data analysis and information on the continued commitment to working towards a workforce that reflected the diverse communities across the city.

This was a key objective within the new Strategic Equalities Plan and People Plan (both to be published in 2024) and was embedded within the Corporate Plan.

The Leader invited the Cabinet Member for Organisational Transformation to say a few words.

This report was a summary of the work undertaken during the penultimate year of the Strategic Equality Plan. It set out the Council's commitment to a workplace culture and approach to service delivery that valued inclusion and diversity.

Thanked the hard work of officers and recognised the ongoing work around customer services and complaints.

The key highlights were shared with Cabinet:

- The roll out of anti-racism training to members and officers as part of the Council's commitment to the All-Wales Anti-Racism Action Plan.
- The dedication and passion of staff networks to ensure the Council was inclusive and supportive.

This work would continue to progress over the next 12 months. The Annual Report set clear priorities for the next period based on a review of the workforce data and progress against Equality Objectives.

As Chair of the Council's Strategic Equalities member and officer group the Cabinet Member for Organisational Transformation continued to support the delivery of the Strategic Equality Plan and ensure that the Council was innovative in its approach and effectively involving key stakeholders.

Decision:

That Cabinet approved the attached final monitoring report and published it on the Council's website, in accordance with statutory deadlines.

8   **NCC External Pressures - Cost of Living**

The Leader presented the final report, which provided an update on the external pressures facing the Council, this month's update included the cost-of-living crisis, housing and homelessness pressures and a potential increase in rates of COVID-19.

Links to national research illustrated how the cost-of-living crisis and the effects of the pandemic were impacting residents, schools, and employers across the whole of Wales.

Locally, officers and partners were accessing, facilitating, and promoting local and national schemes and funding to plan the financial support available as the winter months drew near.

Officers were also working closely with health colleagues during the upcoming winter months to help mitigate the impact of general winter pressures on the NHS and social care services whilst monitoring and responding to concerns over the increasing rates of COVID-19.

The Leader of the Council and Chair of OneNewport, continued to advocate for partnership working as being vital for supporting residents and businesses and the report contained information on how collaborative working enabled access to support, advice and guidance to those experiencing difficulties during this time.

The Leader took this opportunity to urge residents experiencing difficulties to please contact the Council for information and signposting on the advice and support available; this could be done in person, by phone or by visiting the support and advice pages on the website.

Turning to the report, the Leader was pleased to share that the additional cost-of-living advisors funded by the Shared Prosperity Fund were now in post and started building on existing partnerships to build a citywide cost-of-living offer.

To be able to challenge and address the inequality of poverty across the city in a sustainable way, a strategic officer group was tasked with looking at poverty in its widest sense and to support the recommendations highlighted in the recent Building a Fairer Gwent report by the Institute of Health Equity.

Challenges and pressures on housing and homelessness across Newport were detailed within the report, alongside information on how these were being addressed through different initiatives.

With the introduction of the Streamlined Asylum Process (SAP) by the Home Office; a cross-service officer group was meeting to assess the potential impact of this on existing significant homelessness system and service pressures.

In relation to education, Newport Education Welfare Service continued to work closely with all schools in Newport to support the improvement in rates of learner attendance and re-set a more positive school attendance culture across the city.

Comments of Cabinet Members:

▪ Councillor Harvey mentioned that residents were still needing services and food banks. Families were struggling to pay for essential items. Councillor Harvey echoed the Leader's comments to reach out to the Council to get help for signposting to the relevant officers.

▪ Councillor Batrouni referred to services led by Councillor Clarke and the team and paid testament to their hard work, meeting challenges with dignity and grace as well as facing immense pressure under the current climate.

▪ Councillor Clarke thanked Councillor Batrouni for his kind words and agreed that times were challenging. All the officers involved were trying their best to support residents. Councillor Clarke added that with the strength of colleagues and the Leader everyone was doing their best to deal with this. Councillor Clarke also reiterated Councillor Harvey's comments that Councillors and Council officers were just a phone call away.

▪ The Leader highlighted that the significant majority of staff lived in Newport, and they were also facing challenges.

▪ Councillor Davies referred to women struggling in families who were unable to afford period products which the Welsh Government were funding, lack of these products also led to non-attendance at schools.

▪ Councillor Hughes also mentioned the religious communities that provided to foodbanks and thanked them for their help.

Decision:

Cabinet considered the contents of the report on the Council's activity to respond to the external factors on Newport's communities, businesses, and Council services.

9   **Work Programme**

This was the regular monthly report on the work programme.

Decision:

Cabinet agreed the Work Programme.

Report

Casnewydd
NEWPORT CITY COUNCIL
CYNGOR DINAS

Cabinet

Part 1

Date: 15 November 2023

Subject   **September Revenue Budget Monitor**

Purpose   To highlight the current forecast position on the Council's revenue budget and the financial risks and opportunities that present themselves within the September position. This is the second Cabinet update of the 2023/24 financial year.

Author   Head of Finance

Ward   All

Summary   The September 2023 revenue monitoring position reflects a forecasted underspend of £3.500m, taking into account the contingency budget. This compares to an underspend of £3.044m reported in respect of July 2023, with the change in position largely due to a reduced overspend within Children's Services and an increased underspend within Capital Financing, partly offset by an increased overspend within Housing & Communities. Whilst an overall underspend is projected, it should be noted that service areas are collectively forecast to overspend by £3.484m, excluding schools. This significant service area overspending is offset by underspends in non-service areas, such as Capital Financing.

The most significant element of service area overspending is within Children's Services (£3.061m), where significant demand levels for, and individual cost of, out of area and emergency placements is the underlying factor behind this position. As well as this, Housing & Communities and People, Policy & Transformation are also projecting large overspends, the details of which are outlined further in the report. Partly offsetting these service area overspends is a significant underspend within Adult Services (£893k).

Schools are separately projecting expenditure in excess of budget totalling £5.368m. This expenditure comprises both planned, one-off, use of reserves, as well as a large element of recurring expenditure totalling circa £3.6m, which, for this year, will be offset by available surplus balances. Going forward, there is a risk that this level of recurring expenditure in excess of budget will result in certain individual schools entering a deficit budget position unless they make the savings required to balance their individual budgets. Therefore, close monitoring will be required during the remainder of this year to ensure that schools are managing their finances as required and taking action to ensure that deficit positions are avoided wherever possible.

Whilst an overall underspend is currently being projected, it is important to note that there are a number of risks that could result in the position deteriorating over the course of the year. For example, demand issues that are causing the service area overspending could increase during the year and place further pressure on services such as Children's Services and Housing & Communities.

The report also includes 'invest to transform' funding requests to fund one-off costs associated with transformation projects and Cabinet are asked to review and approve these, as appropriate.

The appendices to the report are as follows:

Appendix 1   Overall budget dashboard – September 2023
Appendix 2   Revenue summary monitor – September 2023
Appendix 3   School balance outturn position
Appendix 4   2023/24 reserve movements
Appendix 5   Transformation Fund Bids

Proposal   That Cabinet:

- Note the overall budget forecast position outlined within this report, which is comprised of service area overspending, offset by underspends against non-service budgets.
- Note the risks identified throughout the report and in the HoF comments, such as in relation to demand issues being faced.
- Note the overall shortfall in the delivery of savings accepted as part of the 2023/24 revenue budget.
- Note the forecast movements in reserves.
- Note the overall position in relation to schools' budgets, acknowledging the risk that some individual deficit positions could emerge by the end of the financial year.
- Approve the virement within Adult Services, as detailed within the report.
- Approve the use of the Transformation Fund to cover the cost of internal and external resource requirements for the Transformation Programme, as set out in the report and Appendix 5 of the report.
- Note the recommendation from the Head of Finance that replenishment of the Transformation Fund is made a priority for any underspend at the end of the financial year, in order to ensure adequate funds to be able to support savings proposals that will be critical for future years' budget setting processes.

Action by   Cabinet Members / Head of Finance / Executive Board:

- HoS implement actions to ensure that agreed 2023/24 and previous year budget savings are achieved as soon as practically possible, but by the end of the financial year at the latest.
- Cabinet Members and HoS promote and ensure robust forecasting throughout all service areas.

Timetable   Immediate

This report was prepared after consultation with:

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

Signed

1   Background

1.1   As set out in the last monitoring report, the 2023/24 revenue budget was set against an incredibly challenging financial backdrop, driven by the high levels of inflation, resulting in rapidly increasing prices, as well as increasing demand for services such as homelessness and emergency children's placements, in the wake of the COVID-19 pandemic. Because of this, the Council faced a significant budget gap when setting its budget for this financial year, requiring a range of mitigating actions to be taken in order to ensure that a balanced budget was achieved. Part of these mitigating actions included savings totalling circa £20m, representing a stepped change from the level of savings required over the last two years. Therefore, coming into the 2023/24 financial year, there was already a potential risk that it would be difficult to achieve all agreed savings in full by the end of March 2024, as well as having any reasonable certainty on inflationary cost pressures and increased demand for services as the year progressed.

1.2   In order to mitigate some of these risks, the Council has an unallocated contingency of £1.373m which can be used to offset unforeseen costs. Whilst a valuable and much needed contingency, in the context of a net budget totalling £373m, this provides a relatively small amount of mitigation, particularly if multiple issues present themselves in the year. Some earmarked reserves are held to provide mitigation for such issues, although, again, these are not significant and may be insufficient in addressing all issues that could emerge. Fortunately, it was known that there would be a large underspend against the capital financing budget in 2023/24, due to the fact that the capital programme was forward funded in 2021/22 and slippage in delivering the programme has resulted in this budget not being fully spent/committed to date. However, this is very much temporary mitigation and cannot be relied upon in future years, as the full delivery of the capital programme will result in this budget being fully utilised.

1.3   The first monitoring position of the year, as at July 2023, confirmed that some of those known risks, at the start of the year, had materialised and were set to cause significant overspends, especially within Children's Services. The latest forecast, as at September 2023, whilst improved, reflects a continuation of the issues first reported in July. As outlined in the previous report, it is currently proving possible to more than offset these service area overspends with the general contingency and underspends within capital financing. This leaves a projected underspend of £3.500m, at this point of the year.

A summary of the key areas contributing to the overall position, excluding schools, is below:

Children's Services overspend (primarily emergency & other placements)	£3,061k
Housing & Communities overspend (primarily homelessness provision)	£934k
Other Service Area Variances (net)	(£512k)
Non-Service - Council Tax, CTRS and other Non-Service budgets	(£1,497k)
SUB-TOTAL – OVERSPEND BEFORE CONTINGENCIES	**£1,986k**
Core budget - general revenue budget contingency	(£1,373k)
Capital Financing underspend	(£4,114k)
TOTAL	**(£3,500k)**

1.4   Given that the underspend is lower than the capital financing temporary underspend, it confirms that service area overspending needs to be lower in the future otherwise the Council's budget would be overspent.

2   Key Areas Contributing to Position

2.1   The following section details some of the key areas that feature within the position, with Appendices 1 and 2 providing further detail. As any under or overspend within schools is offset via a transfer to or from school reserves, the collective impact of this is neutralised within the overall position, and does not affect the bottom line:

        (i)   Risk-based area variances
        (ii)   Other service budget variances
        (iii)   Non-service variances
        (iv)   Delivery of budget savings

(i)   Risk based area variances

2.2   The Council takes a risk-based approach to budget monitoring, with additional focus being given to those areas that tend to exhibit volatility or have a history of significantly overspending. Those risk-based areas, which often reside within demand-led services, are collectively forecasting a net overspend of £2.762m. Significant overspends within that net figure are outlined below:

        • Children's Services out of area placements (+£4.148m). The budget available, which is supplemented by external grant funding, allows for an average of 15 placements per month. At the end of September 2023, there were 22 placements, and it is anticipated that there will be 23 placements by the end of the financial year. In addition to numbers exceeding the available budget, in some cases the cost of a placement has significantly increased when compared with previous years, which has added to the overspend. In addition to out of area placements, there is also an overspend of £390k in relation to emergency placements being projected.
        • Adult Services residential and non-residential service (+£2.102m). The non-residential care budget can accommodate 936 service users at an average cost. Currently, the forecast reflects service users totalling 965 and, of that figure, the care packages of circa 41% of service users exceed the average weekly cost that the budget allows for. In relation to residential care, there are currently 568 residential placements compared to the 555 that the budget can afford. Approximately 13% of care packages exceed the average weekly cost, which has added to the level of overspend.
        • Education ALN local provision development (+£648k). Additional costs are being incurred following the procurement of capacity within Newport in order to avoid the higher cost of out of area placements. As well as this, several pupils are currently being supported to remain in mainstream settings, which assists with avoiding the more expensive out of area placements but has added cost against this budget.

2.3   Partly offsetting the overspends outlined above, and detailed in Appendix 1, are a number of risk-based areas that are identifying underspends, which are set out in the following paragraph.

        • Adult Services community care – supported living (-£508k). The budget can accommodate 170 service users at an average weekly cost. The current number of service users is 176, however more than half of those packages are costing less than the budgeted weekly cost, resulting in a significant underspend.
        • Adult Services community care income (-£2.899m). This underspend relates to service users (both residential and non-residential) contributing towards the cost of their care. As service user numbers are currently higher than anticipated, there is a greater level of income being generated than was budgeted for. In the case of residential care, service users are assessed as to their ability to pay (with no weekly cap in place) meaning that the level of income generated can fluctuate year to year.

(ii)   Other service area budget variances

2.4   As well as those areas that have been assessed as requiring a risk-based approach to monitoring, there are other variances that emerge and contribute towards the overall position forecasted.

2.5 The main variance identified in the September position relates to the Housing Benefit impact of the current demand for the homelessness service within Housing & Communities. This is an area that has seen a significant increase in costs over the last two years, following the Welsh Government's policy aim to dramatically reduce homelessness. Despite the Council allocating a significant budget increase for 2023/24, to address the ongoing impact of the overspend incurred in 2022/23, costs have increased further and an overspend of £1.031m is being projected. This overspend is mainly due to the fact that costs incurred in relation to Housing Benefit exceed the level of subsidy awarded by the Department for Work & Pensions.

2.6 Material variances in other service areas include an overspend of £322k within the Environment & Leisure part of the Environment & Public Protection service, which is predominantly the result of the need to incur additional costs in relation to tree inspections. An overspend of £339k is being projected within the Fleet service within Infrastructure, because of increased maintenance and hire costs. In addition to this, within the People, Policy & Transformation service, there are net overspends exceeding £831k in relation to assets and property. Some of these overspends are the result of additional maintenance costs being incurred and others being the consequence of loss of income or additional contract payments. Across all directorates, there are a number of vacancies being experienced and recruitment challenges are resulting in vacancies being held for longer, which, unless covered by agency staff, are generating underspends.

(iii)   Non-service variances

2.7 There are a number of budgets within non-service areas that are projecting underspends and, ultimately, more than offsetting the net service area overspends, resulting in an overall underspend for the whole council. The main variances are listed below:

- General unallocated contingency   (£1,373k)
- Capital financing   (£4,114k)
- Council Tax Reduction Scheme (CTRS)   (£396k)

2.8 The most significant of these variances is the capital financing underspend, which is the product of underspends against the budgets for Minimum Revenue Provision (MRP) and external interest payable, as well as a projected surplus in relation to interest receivable. The underspends on MRP and interest payable were expected, due to having forward funded the budgets necessary to meet the cost of the total capital programme. Slippage in delivering the programme has resulted in the full utilisation of this budget being delayed, which has led to a temporary underspend in this financial year, as well as potentially, although to a lesser extent, in the next year. Regarding the additional interest receivable being generated, this is the result of rising interest rates, meaning the return on investments made is greater than the budget assumes, coupled with higher than expected investment balances, resulting from the aforementioned slippage and the consequent deferral in new external borrowing this has led to.

2.9 The projected underspend in relation to CTRS follows a significant budget reduction as part of setting the 2023/24 budget. Despite this reduction, numbers are remaining relatively stable, meaning that the headroom that was retained within the budget for growth in numbers has not been required, to date.

(iv)   Delivery of budget savings

2.10 As outlined in the background section to this report, the 2023/24 budget setting process was set against a particularly challenging financial backdrop, culminating in the need for savings totalling £19.385m being required in order to balance the budget. The table below outlines the progress made to date in delivering those savings and highlights the fact that £1.485m is not expected to have been achieved by the end of the year. In addition, there remains £167k of unachieved savings from previous years. These shortfalls are part of the overall position being reported and, if not addressed, will be carried forward as a pressure into future years.

Summary by Portfolio	Social Services	Environment & Sustainability	Transformation & Corporate	Regeneration & Economic Development	Education	Non Service	Total
2023/24 MTRP Target (£) Total	2,686	1,619	1,910	953	9,642	2,575	**19,385**
Total Savings Realised by Year End 2023/24	1,680	1,323	1,795	953	9,574	2,575	**17,900**
Variation to MTRP Target	-1,006	-296	-115	0	-68	0	**-1,485**
Variation % to MTRP Target	-37%	-18%	-6%	0%	-1%	0%	**-8%**
Undelivered Savings from Previous Years	-62	-41	-64	0	0	0	-167
Total Undelivered Savings	-1,068	-337	-179	0	-68	0	**-1,651**

2.11 In terms of the specific undelivered savings to date, the two services responsible for the majority of the shortfall are Adult Services and Housing & Communities. Within Housing & Communities, the main shortfall relates to a £296k proposal to reduce the expenditure on temporary accommodation via a range of methods, including increasing move-on opportunities and the level of support given to those individuals in this type of accommodation. To date, it has not been possible to evidence achievement of this saving, especially given the overall overspend in this area. Within Adult Services, savings shortfalls total £1.068m, relating to four separate proposals, including proposals to reduce staffing and the cost of external contracts.

2.12 In the case of two of the Adult Services proposals, relating to reductions in staffing costs totalling £481,000, it has been determined that it is possible to undertake a budget realignment within the service area's budget, to permanently write out the savings requirement. This would be achieved as part of a wider virement within the service, which would increase residential fee income budgets to reflect current levels, increase residential care expenditure budgets to reflect increased costs being incurred, and leave a residual balance which is sufficient to permanently cover the unachieved savings target. The table below sets this out. Because the gross value of this virement exceeds £100,000 in value, it requires Cabinet approval.

Budget amendment	Amount
Increase in residential care income	-£1,159k
Increase in residential/nursing care home costs	+£678k
Sub total	**-£481k**
Shortfall in staffing savings	+£481k
Net virement	**£0k**

3 Schools

3.1 The table below and Appendix 3 provide an overview of the position regarding individual school balances. As can be seen, the total balances brought forward into 2023/24 reflected a combined surplus position of £14.4m. Within this total, one school had a deficit balance. This overall closing position was better than had been anticipated during the 2022/23 financial year, partly as a result of schools putting on hold areas of one-off expenditure in anticipation of a challenging 2023/24 budget setting process.

3.2 For 2023/24, all schools have been able to set a balanced budget, although, in the majority of cases, this has only been achieved via the planned use of existing surplus balances in order to fund either recurring or one-off expenditure, some of which has been deferred from the previous year. The latest monitoring position suggests that all schools, with the exception of one, are forecasting being able to avoid a deficit position by the end of the year. In the case of that one school, the level of projected deficit is small, and it is hoped that it will prove possible to return this position to a balanced one by March 2024.

3.3 Overall, school balances are forecast to reduce to £9.1m by the end of the financial year, which is a significant reduction on the balances carried forward. Of this £5.4m reduction, a proportion is due to one-off use of balances that were, in effect, temporarily inflated due to the late receipt of Welsh Government grant funding in previous years. However, of more concern is the fact that more than half of this use of balances is to fund recurring expenditure at circa £3.6m. For some schools, this is an unsustainable position, as surplus balances are limited, and, therefore, there is a risk of entering a deficit position in future years. Because of this, robust monitoring will be required for the remainder of the year to ensure that schools plan for this risk and take the necessary steps to avoid this or minimise the impact.

	Reserves balance 31/03/23	In year Under/(overspend)	Reserves Balance 31/03/24
	£	£	£
Nursery	123,199	(49,192)	74,007
Primary	8,082,726	(2,987,876)	5,094,850
Secondary	5,692,010	(3,142,913)	2,549,097
Special	528,441	(288,406)	240,035
Total	**14,426,375**	**(6,468,386)**	**7,957,989**
Assumed grant and other compensation		1,100,000	1,100,000
		-	-
Total	**14,426,375**	**(5,368,386)**	**9,057,989**

4   Use of reserves

4.1   Appendix 4 illustrates the planned movements in reserves throughout the year. At this point, the appendix shows the opening balance as at 31st March 2023 of £138.9m and the forecasted use during the year, which currently totals £26.6m, reducing balances to £112.3m. It should be noted that this includes the projected movement of school balances, which accounts for £5.4m of that movement. The other movements are planned or budgeted and in line with the purpose of the earmarked reserve. Also contained within the total position is the General Fund Balance, which totals £6.5m, as it has for a number of years. This reserve would only be accessed in the event of last resort and where all other options had been considered. The general level of cover provided by this balance is low, standing at 2.7% of the net budget, excluding schools. This reinforces the fact that this should only be accessed where absolutely necessary.

4.2   On the face of it, the Council currently has a good level of reserves, although these are diminishing, as shown by the reduction of £13m in 2022/23 and projected reduction of £26.6m this year. However, whilst the total level of reserves is good, with the exception of the General Fund Balance, they are all either earmarked or ringfenced for specific purposes, including the financial impacts of risks the Council is facing. Having said that, if absolutely necessary, earmarked reserves could be repurposed to meet an overspend or specific unforeseen costs. In doing so, it may result in a certain policy objective no longer being achievable, or the requirement to repay the reserve in future years. The requirement to repay reserves would place an immediate additional pressure upon the Council's Medium Term Financial Plan and, because of this, the unplanned use of reserves should be avoided wherever possible.

4.3   As part of the projected movements on reserves, there is a commitment of £2.889m in relation to the Transformation Fund. This reserve is used to support, primarily, the implementation costs associated with proposals contained within the Council's Medium Term Financial Plan, such as redundancy or project costs. The commitments against this reserve for the year are agreed as part of the budget setting process, with any commitments arising in-year requiring subsequent Cabinet approval. It should also be noted that the Reserves Protocol, which is approved by Council on an annual basis, requires the minimum balance in the fund, after allowing for known commitments, to be £3m.

4.4   The current forecast against this reserve includes provisional commitments in relation to additional internal and external resources required to support specific elements of the Council's Transformation Programme, such as the Asset Programme. These provisional commitments are set out in Appendix 5 and, for the three-year period from 2023/24 to 2025/26, total £774k. This level of new commitment can be afforded from the total balance available within the reserves, whilst ensuring that the residual balance in the reserve remains above the minimum £3m. However, it is important to note that there remains relatively little scope for further commitments, without breaching the minimum level required. This is especially important, as the reserve acts as an enabling mechanism for budget savings proposals agreed for each financial year. Without an adequate reserve balance, this could have an impact upon the Council's ability to agree the necessary savings in order to balance future year revenue budgets. Therefore, it is important that

replenishment of this reserve is considered as one of the highest priorities for any underspend at the end of this financial year.

4.5   As part of the recommendations to this report, Cabinet is asked to approve these new commitments. As part of doing so, Cabinet is also asked to note the comments of the Head of Finance, who has recommended that priority is given to replenishing the reserve from any in-year underspend. It should also be noted that the existing commitments will be subject to ongoing review to ensure that any opportunities to reduce the overall commitment against the fund are taken.

5   Outlook for the remainder of the year

5.1   The position outlined in this report represents the second one of the year and reflects an improvement on the position reported in July. In previous years, the general trend has been for the position to improve throughout the year. This can be because of unexpected grant funding allocations from Welsh Government, which can offset core expenditure, or because of changes to forecasts resulting from vacancies, for example. In the case of the 2023/24 year, it is possible that further vacancies could arise, stemming from the recruitment challenges being experienced across all services, which would improve the position further. However, the prospect of additional grant funding is potentially less reliable than it may have been in previous years, following the recent Welsh Government announcements, which have confirmed that the likelihood of receiving additional in-year grant funding is low. To date, Welsh Government have not withdrawn any previously confirmed grant allocations, however there is a risk that as yet unconfirmed grants may not be forthcoming.

5.2   In addition to the risk of grant funding not materialising, there are other risks that could negatively impact the position. These include:

-     Specific inflationary pressures emerging, despite the gradually reducing level of overall inflation nation-wide.
-     Demand pressures increasing further and resulting in increasing overspends against demand-led services, such as Housing & Communities and Children's Services.

5.3   Therefore, whilst there is currently an overall underspend being projected, there remains a risk that this position could worsen in the second half of the year. An overspend position is something that needs to be avoided, so that earmarked reserves can be retained for their intended purpose. Services should, therefore, maintain a focus on financial management and ensure that emerging issues are addressed and managed within existing resources. Where overspends are already being projected, services should be taking steps to reduce these overspends and, ideally, return to a balanced position.

5.4   It is recognised that there is a significant underspend forecast and whilst it is still relatively early to have certainty on this position, especially given the potential risks outlined within the report, it is important that as much of an underspend as possible is generated in order to boost capital resources. The Head of Finance recommends early consideration of the potential use of this underspend at year end for this purpose. Any transfer to capital resources would add much needed resources to the Council's capital funding headroom and provide scope to respond to unforeseen capital pressures/priorities as and when they arise.

Timetable

Ongoing

Risks

Detailed financial risks are included in the report and appendices where applicable

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?
Risk of overspending, due to increased demand, cost increases or unforeseen costs.	H	M	Regular forecasting and strong financial management. Services to identify ways to absorb pressures within existing budgets. Existence of contingency budgets to provide mitigation.	CMT / SFBPs and budget holders HoF
Poor forecasting	M	M	A revised approach to forecasting, which is intended to create capacity for Finance Business Partners to adequately review the forecasts submitted by budget holders within service areas. Review and refinement in service areas of risk-based modelling. Chief Executive and Cabinet setting out clear expectations of budget manager and HoS responsibilities for robust forecasting and financial management.	Asst. HoF SFBPs and budget managers CX / Leader

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Managing the in-year financial position within available resources is a key requirement for the Council and a key component of sound financial management. The medium-term challenges being faced by all councils heightens the need for the Council to avoid an overspend within this financial year.

Options Available and considered

In terms of the overall forecast position and financial management there are no options – the Council needs to operate within its overall budget.

Adult Services virement

- To approve the proposed virement within Adult Services, in order to reflect the fact that two unachieved savings have been achieved via an alternative route.

- To not approve the virement and continuing to report unachieved savings totalling £481,000 within Adult Services.

Transformation Fund

- To approve the use of the Transformation Fund, totalling £774,000 across three financial years, to fund the costs associated with the internal and external resources needed to support the Transformation Programme.

- To note the Head of Finance's recommendation that replenishment of the Transformation Fund is made a priority when determining the use of any underspend at the end of the financial year.

- To not approve the use of the Transformation Fund, as set out in the report.

Preferred Option and Why

To note the monitoring position being reported and the risks that could cause this to change during the remainder of the year.

To approve the proposed virement.

To approve, in principle, the use of the Transformation Fund to support the Transformation Programme and note the Head of Finance's recommendation regarding replenishment of the reserve.

Comments of Chief Financial Officer

The monitoring position outlined in this report reflects an overall underspend of £3.500m, which is an improvement on the position reported in July. Whilst this reflects a positive position at this stage of the year, this overall underspend is only achievable due to the availability of contingencies and temporary significant underspends in non-service areas. The level of service overspending is a significant concern, though mitigated to an extent by some services underspending, especially when considering the additional budget that was allocated to alleviate some of these pressures as part of the 2023/24 revenue budget setting process. As these temporary contingencies reduce over the next two years, services will need to manage at or closer to their budgets to ensure the Council's outturn is balanced.

The report outlines a number of risks that could result in the position deteriorating as the year progresses. These risks are very real, as evidenced by the level of overspend within Children's Services, for example, given that at the time of setting the budget it was anticipated that demand pressures could be met from within existing budget allocations and grant funding. Therefore, caution is still required during the year and all services need to ensure that they manage within their available resources and take mitigating action for any unforeseen costs that may emerge. In addition, services need to pay close attention to any grant allocations that are yet to be confirmed, as there is a risk that these may not be forthcoming, in light of the recent announcements by Welsh Government.

As well as managing any emerging issues within their existing budgets, service areas also need to ensure that the savings agreed as part of the 2023/24 budget setting process are delivered in full, as far as possible. Currently, a significant shortfall of £1.651m is predicted against savings targets, including unachieved savings carried forward from previous years. These shortfalls form part of the overall position and, whilst they are being mitigated in 2023/24, this may not be possible in future years, with the exception of £481,000 within Adult Services, which can be written out permanently via the virement proposed in this report. Therefore, it is imperative that steps are taken to ensure full delivery of savings by the end of this financial year, so they do not continue to represent a pressure from 2024/25 onwards.

The report also highlights the fact that the balance on the Council's Transformation Fund is set to reduce close to the agreed £3m minimum level, should new commitments in relation to the Transformation Programme be agreed. Because it is highly likely that there will be future commitments required against this fund, mainly arising from savings proposals agreed as part of future budget setting processes, it is important that adding to the balance in the reserve, via any in-year underspend, is given a high priority. This will ensure that sufficient funding is available in future years and the Transformation Programme can fully achieve the benefits anticipated.

Comments of Monitoring Officer

There are no legal issues arising from this report.

Comments of Head of People, Policy, and Transformation

The report is the second update of the 2023/24 financial year and highlights the current forecast position on the Council's revenue budget and the financial risks and opportunities that present themselves within the September position. An overall underspend of £3.500m is projected, whilst acknowledging the potential risks that could cause this to change during the remainder of the year.

The Well-being of Future Generations Act requires public bodies to apply the five ways if working to any financial planning, which balances short-term priorities with the need to safeguard the ability to meet long-term needs. This is supported through the analysis and review of reserves, which are critical for financial resilience over the long-term and is regularly undertaken by the Head of Finance and detailed in this report.

There are no direct HR implications associated with the report. A Fairness and Equality Impact Assessment was not required but is considered as part of service delivery and will feature in annual finance reports.

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:
- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the current year financial performance against the budget agreed for the year. However, fairness and equality are considered as part of service delivery and will feature in annual finance reports, such as the Budget Report and Capital Strategy.

In terms of the Wellbeing of Future Generations (Wales) Act, and the five ways of working contained within it, this report highlights examples of these being supported. For example, whilst this report is focussed on the current year, there are references to the longer-term impact, via medium term financial planning, and on taking preventative action, to ensure that financial problems existing now are addressed as quickly as possible, to ensure they do not have a detrimental impact in future years. Analysis and review of reserves, which are critical for financial resilience over the long term, is regularly undertaken by the Head of Finance and detailed in this report.

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.
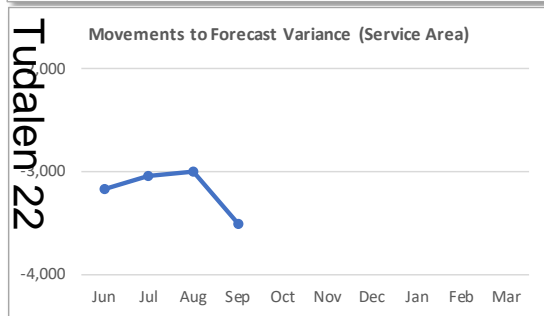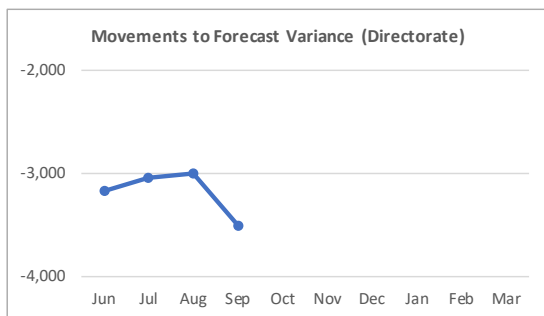
Consultation

N/A

Background Papers

Dated:

Revenue Monitoring Dashboard 2023-24

The following tables, charts and figures give an idication of the financial performance of each Directorate and Service Areas across the Council.

The following tables and charts provide an update on the financial performance for identified risk areas across the Council.

The figures and charts below report the performance against the 2023/24 savings target.

Movements to Forecast Variance (Directorate)

Movements to Forecast Variance (Service Area)

Tudalen 22

Subjective	Budget £'000	Forecast £'000	Variance £'000
Employees	240,495	247,123	6,628
Premises	32,379	37,341	4,962
Transport	11,262	12,310	1,048
Supplies & Services	78,398	73,566	-4,832
Agency & Contracted Services	156,726	166,193	9,467
Transfer Payments	37,472	37,304	-168
Support Services	0	0	0
Capital Financing	10,673	8,540	-2,134
Income	-186,088	-201,268	-15,180
Miscellaneous	-7,641	-10,932	-3,291
Grand Total	**373,677**	**370,176**	**-3,500**

Risk Based Areas	Budget £'000	Forecast £'000	Variance £'000
Adult Services			
Community Care - Non Residential Service	15,870	17,287	1,417
Community Care - Residential Service	33,650	34,335	685
Community Care - Supported Living	14,826	14,318	-508
Community Care Income - Residential & Non Residential	-9,785	-12,684	-2,899
Children Services			
Emergency Placements	332	723	391
In House Fostering	3,856	3,884	28
In House Residential	2,379	2,282	-97
Independent Fostering Agencies	2,517	1,992	-525
Out of Area Residential	2,960	7,108	4,148
Special Guardianship Orders	1,351	1,425	74
Education			
ALN Local Provision Development	877	1,525	648
ALN Out of County Placements	4,235	4,015	-220
ALN Transport	2,592	2,276	-315
Special Home to School Transport	1,275	1,651	376
Infrastructure			
Home to School Transport - College	228	167	-61
Home to School Transport - Primary	1,555	1,372	-184
Home to School Transport - Secondary	1,884	1,688	-196
Grand Total	**80,602**	**83,364**	**2,762**

Service Area	MTRP Target	Savings Realised	Variation to MTRP Target	Variation % to MTRP Target
Adult Services	1,394	388	-1,006	-72%
Children Services	1,200	1,200	0	0%
Contingency Provisions	1,575	1,575	0	0%
Education	1,387	1,319	-68	-5%
Environment & Public Protection	616	616	0	0%
Finance	408	408	0	0%
Housing & Communities	413	117	-296	-72%
Infrastructure	590	590	0	0%
Law & Standards	188	156	-32	-17%
Levies / Other	1,000	1,000	0	0%
People, Policy & Transformation	1,314	1,231	-83	-6%
Prevention & Inclusion	92	92	0	0%
Regeneration & Economic Development	953	953	0	0%
Schools	8,255	8,255	0	0%
Grand Total	**19,385**	**17,900**	**-1,485**	

2023/24 Delivery of Savings (forecast)

92%
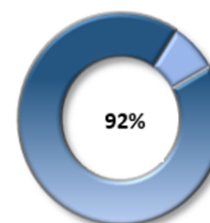
% of MTRP Target Achieved

APPENDIX 2 Revenue Summary Monitor - September 2023

Summary Revenue Budget 2023/24	Current Budget £'000	Projection £'000	(Under) / Over £'000
Social Services			
Children Services	29,405	32,466	3,061
Adult Services	69,153	68,260	(893)
Prevention & Inclusion	913	837	(76)
	99,471	**101,562**	**2,092**
Transformation & Corporate			
Finance	5,581	5,480	(101)
People, Policy & Transformation	15,068	15,481	413
Law & Standards	4,975	5,076	100
	25,624	**26,036**	**412**
Environment & Sustainability			
Housing & Communities	8,249	9,183	934
Environment & Public Protection	16,320	16,419	99
Infrastructure	15,269	15,173	(96)
	39,838	**40,775**	**937**
Chief Executive			
Regeneration & Economic Development	6,239	6,168	(71)
Education	17,638	17,752	114
Schools	129,127	134,496	5,368
	153,004	**158,416**	**5,412**
Sub Total - Service Areas (inc schools)	**317,937**	**326,789**	**8,852**
Earmarked reserves: Transfer to/(from) Schools		(5,368)	(5,368)
Sub Total - Service Areas (net of school reserves)	**317,937**	**321,421**	**3,484**
Capital Financing Costs and Interest			
Capital Financing Costs and Interest (Non-PFI)	16,564	12,450	(4,114)
	26,264	**22,150**	**(4,114)**
Sub Total - Service/Capital Financing	**344,202**	**343,571**	**(630)**
Contingency Provisions			
General Contingency	1,373	-	(1,373)
Centralised Insurance Fund	616	617	1
Non Departmental Costs	40	20	(20)
Other Income and Expenditure	3,182	2,176	(1,006)
	5,211	**2,813**	**(2,398)**
Levies / Other			
Discontinued Operations - pensions	1,451	1,338	(113)
Discontinued Operations - Ex Gratia Payments	3	3	-
Levies - Drainage Board, Fire service etc	10,810	10,846	37
CTAX Benefit Rebates	13,739	13,343	(396)
	26,002	**25,530**	**(472)**
Transfers To/From Reserves			
Base budget - Planned Transfers to/(from) Reserves	(1,739)	(1,739)	-
Earmarked reserves: Transfer to/(from) Capital	-	-	-
Invest to Save Reserve	-	3,477	3,477
Invest to Save Reserve (from)	-	(3,477)	(3,477)
	(1,739)	**(1,739)**	**-**
Total	**373,676**	**370,176**	**(3,500)**
Funded By			
WG funding (RSG and NNDR)	(289,522)	(289,522)	-
Council Tax	(84,154)	(84,154)	-
Council Tax Deficit	-	-	-
Total	**(0)**	**(3,500)**	**(3,500)**

APPENDIX 3 School Balances Position

School Name	Opening Reserve 23/2 £	Final ISB Allocation (inc Post 16 £	In Year U/(O) Spend March 24 £	Closing Reserve 31/03/24 £
Bassaleg School	688,103	9,253,564	(574,235)	113,868
Newport High	467,836	6,285,687	(436,101)	31,735
Caerleon Comprehensive	481,691	7,596,434	(34,243)	447,449
The John Frost School	868,055	7,962,535	(628,123)	239,932
Llanwern High	623,817	5,919,289	(434,636)	189,181
Lliswerry High	373,491	6,151,256	51,383	424,874
St Josephs R.C. High	692,782	7,245,337	(330,312)	362,471
St Julians School	1,247,263	8,131,316	(567,686)	679,577
Ysgol Gyfun Gwent Is Coed	248,971	2,917,903	(188,959)	60,011
Sub Total	*5,692,010*	*61,463,321*	*(3,142,913)*	*2,549,097*
Alway Primary	182,838	1,790,357	(128,346)	54,492
Caerleon Lodge Hill	170,699	1,444,080	(59,806)	110,893
Charles Williams CIW	711,625	2,014,348	(309,629)	401,996
Clytha Primary	20,600	967,542	(16,956)	3,644
Crindau Primary	215,536	1,701,817	(82,309)	133,226
Eveswell Primary	625,722	1,842,472	(138,174)	487,548
Gaer Primary	66,296	2,036,572	(66,061)	234
Glan Usk Primary	345,969	2,439,005	(170,754)	175,215
Glan Llyn Primary	362,335	2,078,018	56,495	418,830
Glasllwch Primary	48,668	953,927	(42,958)	5,710
High Cross Primary	34,693	1,083,984	(29,302)	5,391
Jubilee Park	271,870	1,588,865	(153,505)	118,365
Langstone Primary	201,600	1,334,543	(161,401)	40,199
Llanmartin Primary	151,052	830,391	(95,634)	55,418
Lliswerry Primary	48,832	2,341,034	57,699	106,532
Maesglas Primary	36,860	1,303,731	(27,798)	9,061
Maindee Primary	107,393	2,185,056	(98,955)	8,438
Malpas CIW Primary	43,818	1,183,151	(27,840)	15,978
Malpas Court Primary	65,103	1,367,445	(59,577)	5,527
Malpas Park Primary	253,430	1,009,325	(97,776)	155,654
Marshfield Primary	119,988	1,749,316	(89,482)	30,506
Millbrook Primary	208,686	1,416,720	(127,268)	81,417
Milton Primary	155,501	2,047,705	(90,272)	65,229
Monnow Primary	69,584	1,790,137	(9,862)	59,722
Mount Pleasant	58,640	1,042,274	(20,614)	38,025
Pentrepoeth Primary	44,950	1,815,652	1,577	46,527
Pillgwenlly Primary	(72,203)	2,557,855	118,783	46,580
Ringland Primary	139,537	1,177,600	(129,908)	9,629
Rogerstone Primary	114,039	2,446,399	(81,639)	32,401
Somerton Primary	143,469	793,842	(16,115)	127,354
St Andrews Primary	175,597	3,087,581	(82,747)	92,850
St Davids RC Primary	195,048	949,503	(106,319)	88,730
St Gabriels RC Primary	134,835	842,433	(35,011)	99,824
St Josephs RC Primary	94,670	860,073	(27,998)	66,672
St Julians Primary	370,870	2,596,859	(128,159)	242,711
St Marys Rc Primary	269,924	1,630,972	(136,286)	133,638
St Michaels RC Primary	81,330	959,025	(68,948)	12,382
St Patricks RC Primary	126,764	893,202	(52,527)	74,237
St Woolos Primary	39,221	1,358,881	(50,249)	(11,028)
Tredegar Park Primary	594,736	1,832,943	(215,170)	379,567
Ysgol Gym Bro Teyrnon	339,915	923,865	(101,687)	238,228
Ysgol Gym Casnewydd	283,581	1,551,337	(49,211)	234,369
Ysgol Gym Ifor Hael	117,100	882,535	(89,865)	27,235
Ysgol Gym Nant Gwenlli	312,007	627,420	253,687	565,694
Sub Total	*8,082,726*	*67,329,792*	*(2,987,876)*	*5,094,850*
Newport Nursery	123,199	306,375	(49,192)	74,007
Sub Total	*123,199*	*306,375*	*(49,192)*	*74,007*
Maes Ebbw	297,340	4,347,665	(127,681)	169,659
Bryn Derw	231,101	3,075,611	(160,725)	70,376
Sub Total	*528,441*	*7,423,276*	*(288,406)*	*240,035*
Assumed additional grant and other compensation			1,100,000	1,100,000
Grand Total	**14,426,375**	**136,522,764**	**(5,368,386)**	**9,057,989**

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APPENDIX 4 2023/24 Reserve Movements

Reserve	Balance at 31-Mar-23 (£'000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Balance at 31-Mar-24 (£'000) (Forecast)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council Fund	(6,500)													(6,500)
Balances held by schools for future use	(14,427)												5,751	(8,676)
Earmarked Reserves:														
Music Service	(134)													(134)
Pay Reserve	(1,418)													(1,418)
Insurance Reserve	(1,755)													(1,755)
MMI Insurance Reserve	(602)													(602)
Education Achievement Service	(79)												79	-
Schools Redundancies	(1,585)													(1,585)
General Investment Risk Reserve *(see separate tab for detail)*	(2,676)												-	(2,676)
European Funding I2A & CFW	(1,640)												74	(1,566)
MTFP Reserve *(see separate tab for detail)*	(7,818)				(1,949)								1,558	(8,209)
GEMS Redundancies	(78)													(78)
COVID Risk Reserve *(see separate tab for detail)*	(570)													(570)
SUB TOTAL - RISK RESERVES	**(18,355)**	**-**	**-**	**-**	**(1,949)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,710**	**(18,594)**
Capital Expenditure *(see separate tab for detail)*	(16,648)				(2,294)				3,139				2,590	(13,213)
Capital Grants Unapplied	(5,158)												3,510	(1,648)
Transformation Fund	(7,391)												2,889	(4,502)
Super Connected Cities	(42)												42	-
School Works	(27)													(27)
School Reserve Other	(458)													(458)
Schools ICT Sustainability	(100)												(50)	(150)
Feasibility Reserve	(135)													(135)
Usable Capital Receipts *(see separate tab for detail)*	(9,830)												3,211	(6,619)
SUB TOTAL - ENABLING RESERVES	**(39,789)**	**-**	**-**	**-**	**(2,294)**	**-**	**-**	**-**	**3,139**	**-**	**-**	**-**	**12,192**	**(26,752)**
Local Development Plan	(545)												63	(482)
Strategic Development Plan	(165)												(55)	(220)
Glan Usk PFI	(1,514)												81	(1,433)
Southern Distributor Road PFI	(39,439)												1,064	(38,375)
Building Control	(124)													(124)
Loan modification technical reserve (IFRS 9)	(258)													(258)
Soft Loan interest equalisation reserve	(1,584)													(1,584)
SUB TOTAL - SMOOTHING RESERVES	**(43,629)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,153**	**(42,476)**
Works of art	(21)													(21)

Reserve	Balance at 31-Mar-23 (£'000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Balance at 31-Mar-24 (£'000) (Forecast)
Theatre & Arts Centre	(232)												-	(232)
Environmental Health - Improve Air Quality	(49)													(49)
City Economic Development Reserve *(see separate tab for detail)*	(370)													(370)
Welsh Language Standards	(100)												55	(45)
Port Health	(20)													(20)
Financial System Upgrade	(437)												348	(89)
Events	(282)												(20)	(302)
Voluntary Sector Grants	(27)													(27)
IT Development	(53)													(53)
Joint Committee City Deal Reserve	(662)													(662)
Civil Parking Enforcement	(11)												11	-
Business Support	(81)													(81)
Business Development Grants	(250)													(250)
IT Infrastructure *(see separate tab for detail)*	(309)												59	(250)
PSB Contribution	(5)													(5)
COVID Reserve *(see separate tab for detail)*	(351)												-	(351)
Chief Education Grant	(2,208)												309	(1,899)
Home to School Transport - St Andrews / Millbrook	(314)				(509)								291	(532)
Housing Supply review	(16)													(16)
Cariad Casnewydd	(166)													(166)
Community Gardening Schemes	(180)												180	-
Market Arcade owner contributions	(51)													(51)
Parks & Open Spaces	(2,090)												1,180	(910)
Discretionary Rate Relief	(900)													(900)
Domiciliary Care Service Capacity (now Direct Payments)	(34)												34	-
St. Andrews Primary	(152)												19	(133)
Communications Corporate Requirement	(232)													(232)
Growing space - 2 years	(100)												50	(50)
Spring Gardens - short breaks service	(200)												200	-
Residential Care Home Equalisation Reserve	(621)													(621)
Partnership funding - ABUHB - Windmill Farm	(57)													(57)
Levelling up	(38)													(38)
Cost of living Support Scheme Reserve	(485)													(485)
Prior year underspend	(5,065)				4,964									(101)
Empty Homes	-				(200)									(200)
Transporter Bridge	-				(53)								(35)	(88)
SUB TOTAL - OTHER RESERVES	**(16,169)**	**-**	**-**	**-**	**4,202**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,682**	**(9,285)**
RESERVES TOTAL	**(138,868)**	**-**	**-**	**-**	**(41)**	**-**	**-**	**-**	**3,139**	**-**	**-**	**-**	**23,488**	**(112,282)**

APPENDIX 5 Transformation Fund Bids

Bid	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)	Total (£000)
Asset Projects Officer	13	54	41	**108**
Internal project resource for JV review	10	62	47	**119**
External project resource for JV review	16	19	0	**35**
Finance resources to support Transformation Programme	28	119	91	**238**
Legal resources to support Transformation Programme	19	75	56	**150**
HR resources to support Transformation Programme	0	68	56	**124**
Total	**86**	**397**	**291**	**774**

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Report

Cabinet

Part 1

Date: 15 November 2023

Subject   **Capital Programme Monitoring and Additions Report – September 2023**

Purpose   To provide Cabinet with a forecast of capital outturn against budget based on the activity incurred up to the end of September 2023.

To submit to Cabinet for approval, requests for new capital projects to be added to the Council's Capital Programme.

To note the amendments to the capital programme

To update Cabinet on the current available capital resources ('headroom').

To update Cabinet on the position in relation to Treasury Management prudential indicators as at September 2023.

Author   Chief Accountant / Assistant Head of Finance

Ward   All

Summary   The Council has an extensive capital programme, investing across the authority in areas such as schools, heritage assets, energy efficiency schemes, invest to save programmes and in the regeneration of the city centre. This report updates the Cabinet on its capital programme and the predicted outturn for the 2023/24 financial year, and specifically.

- The starting capital programme budget for 2023/24 was £94.783m. This was revised to a budget of £84.9m at the September Cabinet meeting. This report requests approval to increase the 2023-24 budget by a net £5.464m to now be £90.333m
- Against that revised budget, costs are predicted to be £82.285m introducing a £8.047m net variance.
- Of this variance, service managers and budget holders have confirmed that £7.997m relates to delayed progress with schemes.
- Approval of slippage from this year to future years will be sought as part of the final outturn report.

Proposal

1. **To approve the additions to the Capital Programme requested in the report (Appendix A), including the addition of the Duffryn District Heating system and the retrospective use of the Capital Expenditure Reserve to fund this.**

2. **To note the predicted capital expenditure outturn position for 2023/24.**

3. **To note the amendments to the capital programme**

4. **To note the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.**

5. **To note the inclusion of the Treasury Management prudential indicators, included within the report.**

Action by   Assistant Head of Finance

Timetable   Immediate

This report was prepared after consultation with:

- Service Budget Holders and Project Managers
- Capital Assurance Group
- Norse Representatives
- Head of Finance

Signed

Background

The Council has a 5-year capital programme, with the current one beginning in 2023/24. Going forward, the Capital Programme will be a rolling 5 year programme, with a new year added on each year. Cabinet receive monitoring updates throughout the financial year and the Capital Programme is updated to reflect changes as they are received i.e. additions. Following the same approach as last year, approval of slippage, and associated revisions to budgets, will only be sought at the end of the financial year when the outturn is known.

The changes to the programme to date are shown in summary form in the table below, the detail of which is shown in Appendix A.

Table 1: Current Capital Programme

	2022/23 Budget Outturn	2023/24 Budget Budget	2024/25 Budget Budget	2025/26 Budget Budget	2026/27 Budget Budget	2027/28 Budget Budget	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Initial Budget	61,225	94,783	53,627	14,645	8,441	18,448	251,169
Revisions / Reprofiling Additions/deletions/ Amendments		(15,833) 5,917	2,495 (150)	13,017 (2,901)	351 0	(30) (12,649)	0 (9,783)
Revised July 2023 Budget	0	84,867	55,972	24,761	8,792	5,769	241,386
Additions/deletions/ Amendments Amendments		8,170 (2,706)	2,096 (1,177)	0 (1,718)	0 (1,374)	0 0	10,266 (6,975)
Revised September 23		90,333	56,891	23,043	7,418	5,769	244,676

Amendments

As highlighted in Table 1, the main revision in the capital programme for 2023/24 is in relation to updated figures being received for Cardiff Capital Region City Deal.

Additions

The growth to the programme is materially affected by the volume of extra grants secured by Council officers, some of which are the outcome of bidding processes that occur, predominantly with Welsh Government. The table below provides a summary of the additions since the last monitoring report, with Appendix A providing a detailed list of all additions.

Nature	Value £'000
New Grants and Contributions	5,797
Section 106 funding	350
Service/Council funding	235
Capital Receipts funding	0
Reserve / Provision funding	3,883
External Contributions	0
Finance Lease	0
Total	**10,266**

The above table includes the addition of works to the Duffryn District Heating System totalling £3.139m, for which the Council is liable. It will be funded via a provision, which will be part of the Council's final Statement of Accounts for 2022/23, following the conclusion of the external audit process and necessary post-audit adjustments. The creation of this provision, to be retrospectively applied to last year's accounts, will be done using the Capital Expenditure Reserve, Although the balance in this reserve carried forward into this financial year will now reduce by £3.139m, the overall level of Capital Headroom is no lower than it would have been, as this is the funding source that would have been used for these works, had a provision in the 2022/23 accounts not been required.

Spending/Outturn 2023/24

Against a revised budget of £90.333m, costs predicted to be incurred total £82.285m, introducing a £8.047m net variance.

The following table reflects the activity per service area, with a more detailed scheme by scheme analysis in Appendix B.

Services	Capital Expenditure 2023/24					
	23/24 Budget approved September Cabinet	Additions / Amendments	23/24 Budget to be approved November Cabinet	Forecast	Slippage	Over / Underspend
Education	35,599	795	36,394	36,749	340	16
Environment & Public Protection	7,826	4,091	11,918	11,918	0	0
Housing & Communities	104	0	104	104	0	0
People, Policy & Transformation	3,672	144	3,817	3,924	112	(5)
Prevention & Inclusion	3,111	0	3,111	3,054	(57)	(0)
Regeneration & Economic Development	22,032	(2,706)	19,326	11,579	(7,755)	8
Social Services	2,410	0	2,410	2,368	0	(42)
City Services	10,114	0	10,114	9,450	(637)	(28)
Non Service		3,140	3,140	3,140	0	0
Total	**84,868**	**5,465**	**90,333**	**82,285**	**(7,997)**	**(50)**

The column of "true" over and underspends that service managers will be eradicating or afforded throughout the year are reflected in the last column and total only £50k net underspend at the moment, which is largely the net effect of grant that is unlikely to be used in full and one-off savings in Social Services annual sums.

The main areas of particular note for September monitoring 2023 are as follows.

- **Education**
  - **Bassaleg School** – The building has now been handed over to the school. Whilst much of the project is complete, there are still some outstanding works that need to be finalised, including some remodelling work. Slippage of £370k has been forecast to allow the completion of these works and as well any snagging that needs to be concluded.
  - **Whiteheads** - Good progress has been made by the contractors, the site remediation works are complete, and piling is also close to being complete, therefore the profile of spend has been updated to reflect this with additional spend being forecast for 2023/24, meaning that reverse slippage is requested of £136k from 2024/25.
  - **Welsh Medium Tredegar Park Primary** - Works have continued at pace on the internal and external refurbishment of the Forest Children's Centre which has meant that reverse slippage

is forecast to be requested of £143k. The remaining remodelling works are planned to take place in Summer 2024.

- **Transporter Bridge** – The Transporter Bridge has slipped budget of £7m to reflect the changes to the programme to date, although this is being reviewed and could change in future months.
- **Capital Maintenance and Energy Efficiency works –** Since the reprofile which was reflected for the last monitoring report, additional works have been identified from the overall approved maintenance programme that could be completed by the end of the financial year. Therefore, additional costs have been forecast in 2023/24, with reverse slippage requested from 2024/25 to accommodate these works.
- **IT Replacement Schemes -** SRS have now been able to provide updated costs since the reprofile for IT requirements therefore reverse slippage is now being requested to cover the costs.
- **Fleet Replacement Programme** - The forecast has increased since July as there is a requirement for an additional vehicle which was not original included with the forecast spend for 2023/24 which why reverse slippage is being requested from 24-25 to accommodate this.
- **Hostile Vehicles Mitigation (Placemaking) –** The only costs that are expected to be incurred in this financial year will be for the design element of the contract due to the specialist nature of the project, so the forecast has been reduced by £391k.

Policy on available capital resources ('Capital Headroom')

Since February 2018, the Council has been working within a framework which maximises capital expenditure funded from sources other than borrowing and within that afforded within the Council's Medium Term Financial Plan. This was updated in the Capital and Treasury Management Strategy agreed in March 2023. The framework agreed that:

a. Funding from sources other than borrowing needs to be maximised, by securing grant funding whenever possible and maximising capital receipts;

b. Any change and efficiency schemes requiring capital expenditure, and generating savings as a consequence, would be funded by offsetting the capital financing costs against the savings achieved;

c. Schemes and projects which generate new sources of income would need to fund any capital expenditure associated with those schemes.

The framework seeks to limit the revenue pressures resulting from increased borrowing as far as possible, whilst maximising capacity to generate capital resources for use.

As approved in the 2023/24 Capital and Treasury Management Strategy, because of the extremely challenging financial context facing the Council, the scope for additional borrowing over and above that approved in previous years is severely limited. Therefore, unless the financial outlook improves, it is possible that the only available capital resources will be limited to those outlined in the table below. Because of that, the new capital programme comprises annual sums, for activity such as asset maintenance, and unfinished schemes carried forward from the previous programme, which are detailed within Appendix B in the report. The size of the current programme will be challenging to deliver itself and any further additions, via the headroom, will add to the overall deliverability challenge of the programme.

Borrowing, Capital Reserves & Receipts Headroom to 2024/25	£'000
Unallocated Capital Expenditure Reserve	7,872
Unallocated Capital Receipts*	1,597
21st Century Schools - SOP Extension	(1,267)
Borrowing Headroom	1,057
Potential Commitment - Northern Gateway regeneration match funding	(1,000)

Total	**8,259**

The headroom has decreased from that reported in the July monitoring report due the addition of Duffryn District heating system which is required to be retrospectively funded from the Capital Expenditure Reserve as at 31st March 2023.

Update on Capital Receipts

Appendix D provides details of the receipts received this year to date, which together with the unallocated balance brought forward provides headroom of £1.6m to afford new capital aspirations.

That table also shows capital receipts held for the NCC/WG 'Joint Venture funds' totalling £2.2m. In relation to these receipts, the Council does not have unilateral decision in their use. Commonly, it will involve engagement with Welsh Government and, as previously reported to Cabinet, these funds tend to be "ringfenced" for city centre regeneration given the original asset sales involved. There have been no further receipts received since the last monitoring report.

Prudential Indicators April – September 2023/24

The 2021 Treasury Management Code introduced a new requirement that monitoring of the treasury management indicators and non treasury management indicators should be reported on a quarterly basis. These are detailed in Appendix D. As of 30th September 2023, the Authority has complied with all of its treasury management indicators.

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s)	Risk Owner
Overspend against approved budget	M	L	Regular monitoring and reporting of expenditure in accordance with the timetables set by Cabinet/Council should identify any issues at an early stage and allow for planned slippage of spend.	Corporate Directors / Heads of Service / Head of Finance
Programme growing due to unforeseen events	M	M	Good capital monitoring procedures and effective management of the programme should identify issues and allow for plans to defer expenditure to accommodate urgent works. Priority asset management issues are now being dealt with through a specific programme allocation. Capital headroom exists and can be accessed where absolutely necessary.	Corporate Directors / Heads of Service / Head of Finance
Excessive levels of slippage between	M	H	Regular monitoring of capital expenditure takes place and slippage is identified at the earliest stage possible. A more robust approach will be taken	Corporate Directors / Heads of Service / Head of Finance

financial years			when schemes are added to the programme to ensure that a realistic profile is initially captured in the programme. An internal Capital Assurance Group has been created and will regularly review progress against schemes and hold officers to account for delivery.	

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The programme supports a large number of the Council's aims and objectives.

Options Available and considered

- To approve the changes to the Capital Programme and note the projected outturn position as set out in the report, including the use of capital receipts.

- To note the current available headroom and prioritise future capital expenditure in order to maintain spend within the current affordability envelope.

- The Cabinet has the option not to take forward some or all of the changes to the Capital Programme set out in the report.

- To retrospectively approve the use of the Capital Expenditure Reserve, as at 31 March 2023, to fund the creation of the £3.139m provision for the Duffryn District Heating System works.

Preferred Option and Why

- To approve the changes to the Capital Programme and note the projected outturn position as set out in the report, including the use of capital receipts.

- Agree to prioritise capital expenditure to maintain spend within the current affordability envelope, recognising that the revenue pressures from future borrowing can add to any budget gap reflected in the MTFP.

- To approve the use of the Capital Expenditure Reserve as set out above.

Comments of Chief Financial Officer

This report provides an overview of the 2023/24 capital programme monitoring position, as at September 2023. It outlines the increase in the capital budget in 2024/25 since the last report was considered, which itself reflected the impact of a significant reprofiling exercise undertaken earlier in the year. The overall budget for 2024/25 now stands at £90m, although the report references likely expenditure of £82m against that budget, resulting in a variance of £8m. This variance is largely due to forecasted slippage against one specific scheme, although it is noted that this is currently being reviewed. It is important to note that should the total expenditure of £82m be achieved, it would represent a significant increase on amounts spent in previous years. Therefore, it will be a challenge to achieve and, because of this, there is a reasonable chance of further slippage being reported as the year progresses.

The report also outlines the level of capital headroom available, which now stands at £8.259m, following the use of the Capital Expenditure Reserve to retrospectively create the provision for the Duffryn Disttrict Heating System works. Whilst the level of available headroom is higher than it was a year ago, it should be noted that it would only take a handful of significant issues to arise for this to be fully consumed. In

addition, supplementing this headroom is limited to additional capital receipts and any use of revenue underspends to increase the Capital Expenditure Reserve. As well as this, the scope to undertake new borrowing is extremely limited, when considering the challenging medium term outlook the Council is facing, exacerbated by the increasing cost of actual borrowing resulting from high interest rates.

Because of these factors, approving commitments from the headroom needs to be done only where absolutely necessary and unavoidable. Where pressures do emerge, alternative funding sources, such as external grants, should be pursued, with new Council borrowing being the absolute last resort and only where it is clearly affordable, prudent and sustainable to do so. As a result, the Council will need to be very careful in its use of capital resources and clear prioritisation of issues and aspirations is required.

Comments of Monitoring Officer
There are no legal issues arising from this report.

Comments of Head of People, Policy & Transformation
The report provides Cabinet with a forecast of the Councils Capital Programme and predicted outturn for the 2023/24 financial year, with any additions to the programme submitted for approval. Good capital monitoring procedures and effective management of the programme form the basis for sound and sustainable investment in Council assets and the estate. Current and further budget additions will need to continue to be considerate of the requirements of the Well-being of Future Generations Act for public bodies to apply the five ways of working to financial planning, which balances short-term priorities with the need to safeguard the ability to meet long-term needs.

There are no direct HR implications associated with the report. A Fairness and Equality Impact Assessment wasn't required but are considered as part of service delivery and will feature in annual finance reports.

Scrutiny Committees
N/A

Fairness and Equality Impact Assessment:
- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update Cabinet on the prior year financial performance against the approved Capital Programme. However, fairness and equality are considered as part of service delivery and will feature in annual finance reports, such as the Budget Report and Capital Strategy.

An effective capital programme enables the Council to support long term planning in line with the sustainable development principle of the Wellbeing of Future Generation (Wales) Act

Long-term - This capital programme looks at both short and long term and links with the Corporate Plan and its priorities. It considers the overall capital programme in terms of the Council's Treasury Management activities and its associated costs, both short and long term to the Council.

Prevention – The capital programme, where possible, acts to prevent problems occurring or getting worse by considering the overall Council estate and how that can best be managed and maintained.

Integration - This report meets a number of wellbeing goals and, in addition, supports three of Newport City Council's wellbeing objectives;
- To promote economic growth and regeneration while protecting the environment
- To enable people to be healthy, independent and resilient
- To build cohesive and sustainable communities

Collaboration - The capital programme is developed and updated through engagement across the Council and certain projects are also being delivered in collaboration with other external bodies which helps the Council meet its Wellbeing objectives.

Involvement – Due to the variety of projects which are within the capital programme, there is involvement from a variety of stakeholders across the Council and the city which seeks to ensure that there is a key focus on sustainability, community benefit and wellbeing of citizens.

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

The development and the monitoring of the Capital programme will ensure it does not discriminate but promotes equality and delivers the objectives of the corporate plan.

Consultation
N/A

Background Papers
Capital Strategy and Treasury Strategy – March 2023
Capital Outturn report 2022/23
Capital Monitoring and Additions report – July 2023

Dated: 7th November 2023

Appendix A – Additions and changes to the Programme

Funding Source	Narrative	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	TOTAL Budget for this Capital Plan Duration £'000
	July Budget as agreed by Sept Cabinet	**61,225**	**84,867**	**55,972**	**24,761**	**8,792**	**5,768**	241,386
	ADDITIONS / DELETIONS							
	Education							
Section 106	St Julians School Safeguarding		59					59
Schools Contribution	Education Maintenance		136					136
Reserves	Millbrook Demolition		600					600
Grant	St Mary's variation			1,746				1,746
Section 106	Capital maintenance and energy efficiency works across the schools			350				350
	Environment & Public Protection							
Salix / Service Area	St Julians High LED Lighting Upgrade		99					99
Grant	Wales Coast Path Improvements		58					58
Grant	Low Carbon Heat Grant 23/24		3,793					3,793
Grant	LED Lighting 23/24		141					141
	People, Policy and Transformation							
Reserves	Civic Centre Fire Remedial Works		144					144
	Non Service							
Provision	Duffryn District Heating System		3,139					3,139
	Total Additions and Deletions	**0**	**8,170**	**2,096**	**0**	**0**	**0**	**10,266**
	Amendments							
	City Deal Reprofile		(2,517)	(1,177)	(1,718)	(1,374)		(6,786)
	Newport Market Arcade		(189)					(189)
	Sub Total Amendments	**0**	**(2,706)**	**(1,177)**	**(1,718)**	**(1,374)**	**0**	**(6,975)**
	REVISED BUDGET	**61,225**	**90,333**	**56,891**	**23,043**	**7,418**	**5,768**	**244,676**

Appendix B – Detailed Budget Breakdown of the 5 year capital programme

	*Spend 18/19 - 22/23 £'000	July Budget 23/24 £'000	Additions	Sept Budget 23/24 £'000	Sept Forecast 23/24 £'000	Slippage/ reprofiling £'000	Under / Overspend	Budget 24/25 £'000	Budget 25/26 £'000	Budget 26/27 £'000	Budget 27/28 £'000
Iscoed Secondary Band B	18,435	276	-	276	292	-	16	-	-	-	-
Bassaleg Secondary Band B	21,403	10,051	-	10,051	9,681	(370)	-	651	-	-	-
Caerleon Secondary Band B	328	-	-	-	-	-	-	4,500	6,000	672	-
Whiteheads Primary Band B	1,746	7,353	-	7,353	7,490	137	-	5,101	-	-	-
Maesglas Primary Band B	7	-	-	-	-	-	-	-	1,793	-	-
Maindee Primary B	8	-	-	-	-	-	-	-	992	-	-
Llanwern Village Primary Schools Band B	2	-	-	-	-	-	-	792	400	-	-
St Andrews Demountables Band B	1,180	6,285	-	6,285	6,350	65	-	2,535	-	-	-
Welsh Medium Primary School	1,442	293	-	293	466	174	-	1,407	2,659	-	-
ED Tech Grant	297	65	-	65	65	-	-	-	-	-	-
Charles Williams Renovations	992	2,105	-	2,105	2,107	2	-	-	-	-	-
Pentrepoeth - site accessibility	482	39	-	39	31	(8)	-	-	-	-	-
St Mary's Urgent Capital repairs grant	61	766	-	766	766	-	-	4,509	-	-	-
Education Maintenance Grant - 19/20	1,731	25	-	25	25	-	-	-	-	-	-
Education Maintenance Grant - 20/21	1,252	753	-	753	677	(76)	-	511	-	-	-
Education Maintenance Grant - 21/22	1,876	802	136	938	934	(4)	-	-	-	-	-
Education Maintenance Grant - 22/23	-	1,725	-	1,725	2,145	420	-	830	-	-	-
St Julians School Safeguarding	1	-	59	59	59	-	-	-	-	-	-
Education Accessibility Studies - Phase 1	279	19	-	19	19	-	-	-	-	-	-
Education Accessibility Studies - Phase 2	4	5	-	5	5	-	-	623	-	-	-
Free school meals capital works	908	2,158	-	2,158	2,158	-	-	-	-	-	-
Open Schools Outside Hours	376	646	-	646	646	-	-	-	-	-	-
Supporting Learners with Additional Learning Needs	42	980	-	980	980	-	-	-	-	-	-
23-24 ALN Grant Funding	43	-	-	-	-	-	-	1,049	-	-	-
23-24 ALN Grant Funding	44	-	600	600	600	-	-	-	-	-	-
Gwent Is Coed Sports Hall	-	1,252	-	1,252	1,252	-	-	2,085	-	-	-
Education - Sub total	**-**	**35,599**	**795**	**36,394**	**36,749**	**340**	**16**	**24,594**	**11,843**	**672**	**-**
Refit	415	1,359	-	1,359	1,359	-	-	226	-	-	-
Kingsway Solar Panels	-	347	-	347	347	-	-	-	-	-	-
Tredegar Park Cycle improvements	137	16	-	16	16	-	-	-	-	-	-
Local Places for Nature Grant	249	385	-	385	385	-	-	467	-	-	-
Parks Improvements	35	430	-	430	430	-	-	635	-	-	-
Cemeteries Improvements	375	750	-	750	750	-	-	275	-	-	-
Gwent Green Grid GI Project	2	67	-	67	67	-	-	-	-	-	-

	*Spend 18/19 - 22/23	July Budget 23/24	Additions	Sept Budget 23/24	Sept Forecast 23/24	Slippage/ reprofiling	Under / Overspend		Budget 24/25	Budget 25/26	Budget 26/27	Budget 27/28
	£'000	£'000		£'000	£'000	£'000			£'000	£'000	£'000	£'000
Gwent Green Grid Access Project	30	43	-	43	43	-	-		-	-	-	-
St Julians High LED Lighting Upgrade	-	-	99	99	99	-	-		-	-	-	-
Docksway Landfill Capping Works	1,443	587	-	587	587	-	-		-	-	-	-
Public EV Charging	7	124	-	124	124	-	-		-	-	-	-
Schools LED Lighting	300	182	-	182	182	-	-		-	-	-	-
Three Weekly Containers+ULEV Vehicles	-	1,169	-	1,169	1,169	-	-		-	-	-	-
Pill Mill and Ruperra Street Play Area	-	96	-	96	96	-	-		-	-	-	-
City Centre Green Infrastructure	-	180	-	180	180	-	-		-	-	-	-
Wales Coast Path Improvements	-	-	58	58	58	-	-		-	-	-	-
Low Carbon Heat Grant 23/24	-	-	3,793	3,793	3,793	-	-		-	-	-	-
23/24 LED Lighting	-	-	141	141	141	-	-		-	-	-	-
SPF -Community Building decarbonisation/energy efficiency	-	125	-	125	125	-	-		250	-	-	-
SPF - Mon+Brecon Canal 14 Locks	-	1,236	-	1,236	1,236	-	-		454	-	-	-
SPF - Tredegar Park	-	732	-	732	732	-	-		1,565	-	-	-
Environment & public protection - Sub total	**-**	**7,826**	**4,091**	**11,918**	**11,918**	**-**	**-**		**3,872**	**-**	**-**	**-**
Gypsy/Traveller Site Development	3,111	44	-	44	44	-	-		-	-	-	-
SPF - Food resilience programme	-	60	-	60	60	-	-		60	-	-	-
Housing & communities - Sub total	**-**	**104**	**-**	**104**	**104**	**-**	**-**		**60**	**-**	**-**	**-**
IT Replacement Schemes	602	150	-	150	275	125	-		414	202	150	150
Flexi Print	-	-	-	-	22	-	22		-	-	-	-
Asset Management Programme	7,231	2,391	-	2,391	2,378	(13)	-		1,500	1,500	1,500	1,500
Civic Centre / Info Station Service Relocations	236	29	-	29	-	-	(29)		-	-	-	-
Information Station	-	157	-	157	157	-	-		-	-	-	-
Library (infostation move)	1,267	234	-	234	234	-	-		-	-	-	-
Boundary Wall	4	47	-	47	47	-	-		-	-	-	-
Civic Centre Fire Remedial Works	-	-	144	144	147	-	3		-	-	-	-
Central Library - Structural Works	153	510	-	510	510	-	-		-	-	-	-
Assistive Technology in Social Care	-	155	-	155	155	-	-		-	-	-	-
People, policy & transformation - Subtotal	**-**	**3,672**	**144**	**3,817**	**3,924**	**112**	**(5)**		**1,914**	**1,702**	**1,650**	**1,650**
Disabled Facilities	4,313	1,362	-	1,362	1,333	(29)	-		1,213	1,000	1,000	1,000
Safety at Home	1,778	450	-	450	422	(28)	-		300	300	300	300
ENABLE Adaptations Grant	1,031	197	-	197	197	-	-		-	-	-	-
Childcare - Flying Start	1,805	97	-	97	97	-	-		-	-	-	-
Small Grant Scheme Childcare Offer	332	14	(14)	-	-	-	-		-	-	-	-
Small Grants Funding Childcare Offer	-	470	14	484	493	-	9		-	-	-	-

	*Spend 18/19 - 22/23 £'000	July Budget 23/24 £'000	Additions	Sept Budget 23/24 £'000	Sept Forecast 23/24 £'000	Slippage/ reprofiling £'000	Under / Overspend	Budget 24/25 £'000	Budget 25/26 £'000	Budget 26/27 £'000	Budget 27/28 £'000
Flying Start Project Management Costs	-	50	-	50	50	-	-	-	-	-	-
SMAPF	1,516	423	-	423	423	-	-	-	-	-	-
GDAS - Outreach Service provision,	-	47	-	47	37	-	(10)	-	-	-	-
Prevention & inclusion - Sub total	-	**3,111**	-	**3,111**	**3,054**	**(57)**	-	**1,513**	**1,300**	**1,300**	**1,300**
Market Arcade Townscape Heritage Scheme	2,088	689	(189)	500	510	-	10	-	-	-	-
Cardiff City Region Deal	1,405	2,865	(2,517)	348	348	-	-	1,238	1,294	978	-
Cardiff City Region Deal - Cost of Carry	-	-	-	-	-	-	-	-	-	-	-
Mill Street Development Loan	3,739	-	-	-	-	-	-	261	-	-	-
TRI Thematic Funding	460	828	-	828	828	-	-	-	-	-	-
Clarence House Loan	48	702	-	702	702	-	-	-	-	-	-
Transforming Towns Placemaking	20	548	-	548	450	(98)	-	332	-	-	-
Transforming Towns Business Fund	27	98	-	98	98	-	-	-	-	-	-
Transporter Bridge - Phase 2 Delivery	4,202	11,742	-	11,742	4,333	(7,409)	-	807	-	-	-
Medieval Ship	11	-	-	1	-	-	(1)	-	-	-	-
Placemaking capital projects	-	500	-	500	500	-	-	-	-	-	-
Leisure centre New build	2,283	1,143	-	1,143	894	(248)	-	12,209	4,086	-	-
Coleg Gwent Demolition Costs	-	1,246	-	1,246	1,246	-	-	-	-	-	-
Shared Prosperity Fund	-	1,670	-	1,670	1,670	-	-	4,093	-	-	-
Regeneration & economic development - Sub total	-	**22,030**	**(2,706)**	**19,326**	**11,579**	**(7,755)**	**8**	**18,941**	**5,380**	**978**	**-**
Telecare Service Equipment	172	62	-	62	20	-	(42)	30	30	30	30
Equipment for Disabled Grant (GWICES)	825	165	-	165	165	-	-	165	165	165	165
Rosedale Annexes	80	420	-	420	420	-	-	-	-	-	-
Disbursed accommodation and Covid-19 equipment	677	182	-	182	182	-	-	-	-	-	-
Cambridge House - HCF Grant	30	939	-	939	939	-	-	681	-	-	-
Forest Lodge HCF grant funding	75	596	-	596	596	-	-	-	-	-	-
VAWDASV Target Hardening Equipment	-	46	-	46	46	-	-	-	-	-	-
Social Care - Sub total	-	**2,410**	-	**2,410**	**2,368**	-	**(42)**	**876**	**195**	**195**	**195**
Gwastad Mawr Flood Attenuation Works	-	36	-	36	14	-	(22)	-	-	-	-
City Services Annual Sums	1,690	1,687	-	1,687	1,193	(493)	-	1,371	500	500	500
CA Pontymason Lane	1,691	740	-	740	740	-	-	-	-	-	-
Peterstone Sewage Scheme	908	13	-	13	7	-	(6)	-	-	-	-
Fleet Replacement Programme	7,831	1,978	-	1,978	2,225	247	-	2,829	2,123	2,123	2,123
Carnegie Court Emergency River Works	1,244	19	-	19	19	-	-	-	-	-	-
Private sector bus electrification	3,300	3,023	-	3,023	3,023	-	-	-	-	-	-

	*Spend 18/19 - 22/23 £'000	July Budget 23/24 £'000	Additions	Sept Budget 23/24 £'000	Sept Forecast 23/24 £'000	Slippage/ reprofiling £'000	Under / Overspend	Budget 24/25 £'000	Budget 25/26 £'000	Budget 26/27 £'000	Budget 27/28 £'000
Placemaking capital projects (hostile vehicle)	-	571	-	571	180	(391)	-	571	-	-	-
Station Road Flood Alleviation Scheme	-	37	-	37	37	-	-	-	-	-	-
Safe Routes in Communities	-	130	-	130	130	-	-	-	-	-	-
20mph Core Allocation 2324	-	341	-	341	341	-	-	-	-	-	-
ATF Npt Central Connections	-	59	-	59	59	-	-	-	-	-	-
Bus Stop Infrastructure 23/24	-	309	-	309	309	-	-	-	-	-	-
A467 Improvements (Resilient Roads)	-	500	-	500	500	-	-	-	-	-	-
EV Charging Infrastructure	-	672	-	672	672	-	-	-	-	-	-
City Services - Sub Total	-	10,114	-	10,114	9,450	(637)	(28)	4,771	2,623	2,623	2,623
Duffryn District Heating System			3,140	3,140	3,140	-					
Non Service - Total		**-**	**3,140**	**3,140**	**3,140**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL EXPENDITURE	-	**84,866**	**5,464**	**90,333**	**82,285**	**(7,997)**	**(50)**	**56,541**	**23,043**	**7,418**	**5,768**
Financed By:	-	-	-	-	-	-	-	-	-	-	-
General Capital Grant	-	4,268	-	4,268	-	-	-	4,268	4,268	4,268	4,268
Supported Borrowing	-	4,155	-	4,155	-	-	-	4,155	4,155	-	-
Unsupported Borrowing	-	18,478	(2,374)	16,104	-	-	-	9,790	1,868	1,000	-
Prudential Borrowing	-	-	-	-	-	-	-	-	-	-	-
External Grants	-	42,230	3,661	45,891	-	-	-	28,840	9,189	650	-
S106	-	2,509	158	2,667	-	-	-	605	2,062	-	-
Other Contributions	-	510	-	510	-	-	-	276	-	-	-
Capital Receipts	-	3,211	-	3,211	-	-	-	2,461	-	-	-
Revenue Contributions	-	1,622	136	1,758	-	-	-	1,542	1,500	1,500	1,500
Reserves	-	7,886	744	11,770	-	-	-	4,953	-	-	-
Finance Lease	-	-	-	-	-	-	-	-	-	-	-
TOTAL	-	**84,868**	**2,325**	**90,333**	**-**	**-**	**-**	**56,891**	**23,043**	**7,418**	**5,768**

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Appendix C – Recent Capital Receipts Activity

Asset Disposed	Receipts Received in Year	Total Available Receipts 2023/24
	£	£
Balance b/f from 2022/23		**7,613**
GENERAL CAPITAL RECEIPTS		
Sale of Land	56	
Total Sales		**56**
Amount used in 2022/23	**-**	**0**
Commitments within the Capital Programme		
Fleet Replacement Programme	- 410	
Replacement for Education maintenance grant funding 20/21 used on general activities	- 835	
Replacement for Free Schools grant - displaced funding	- 1,985	
Replacement for Education maintenance grant funding 20/21 used on general activities		
New Leisure Centre	- 1,000	
St Mary's Primary School	- 950	
Newport Centre demolition (Council share)	- 892	
Total Usage		**- 6,072**
Total Amount Uncommitted		**1,597**
NEWPORT UNLIMITED		
Balance b/f from 2022/23		2,216
Total Amount Uncommitted		**2,216**
TOTAL NCC RECEIPTS (Uncommitted)		**3,813**

Appendix D - Prudential Indicators April – September 2023/24

Non Treasury Prudential Indicators

The Authority measures and manages its capital expenditure, borrowing service investments (where applicable) with references to the following indicators. It is now a requirement of the CIPFA Prudential Code that these are reported on a quarterly basis.

Capital Expenditure: The Authority has undertaken and is planning capital expenditure as summarised below;

Table 1: Prudential Indicator: Estimates of Capital Expenditure and Capital Financing in £ millions

	2022/23 Budget Outturn	2023/24 Budget Budget	2024/25 Budget Budget	2025/26 Budget Budget	2026/27 Budget Budget	2027/28 Budget Budget	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revised July 2023 Budget	0	84,867	55,972	24,761	8,792	5,768	241,386
Additions/deletions		8,170	2,096	-	-	-	10,266
Amendments		2,706	1,177	1,718	1,374	-	6,975
September 2023 Budget		90,333	56,891	23,043	7,418	5,768	244,676

The detail behind the movements and the changes in forecast are discussed at the beginning of the report.

Capital Financing Requirement: The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

The actual CFR is calculated on an annual basis.

Table 2: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31/03/23 Actual	31/03/24 Forecast	31/03/25 Indicative	31/03/26 Indicative	31/03/27 Indicative	31/03/28 Indicative
TOTAL CFR	270.7	280.0	281.6	281.5	280.3	288.9

Gross Debt and the Capital Financing Requirement: Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Authority has complied and expects to continue to comply with this requirement in the medium term as is shown below.

Table 3: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31/3/2023 Actual	31/3/2024 Forecast	31.3.2025 Budget	31.3.2026 Budget	31.3.2027 Budget
Debt (incl. PFI & leases and ST & LT borrowing)	176.5	171.6	220.0	228.8	221.3
Capital Financing Requirement	270.7	280.0	281.6	281.5	280.3

Debt and the Authorised Limit and Operational Boundary: The Authority is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year. In line with

statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

	2023/24 Maximum	30.09.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes / No
Borrowing	138	135.5	150	246	✓
PFI and Finance Leases	38	36.1	39	39	✓
Total debt	**176**	**171.6**	**189**	**285**	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Proportion of Financing Costs to Net Revenue Stream: Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and [MRP / loans fund repayments] are charged to revenue.

The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 5: Prudential Indicator: Proportion of financing costs to net revenue stream

	2023/24 Budget	2023/24 Forecast	2024/25 budget	2025/26 budget
Financing costs* (£m)	23	20.5	22.8	23.2
Proportion of net revenue stream	6.10%	5.48%	5.90%	5.80%

New Capital Expenditure to be funded via borrowing; The table below shows the limit of new capital expenditure that can be funded via borrowing. There have been no new capital schemes funded by borrowing so far within 2023/24.

Table 6: Local Prudential Indicator: New capital expenditure to be funded via borrowing (£m)

	2023/24 limit	2024/25 limit*	2025/26 limit*
Borrowing headroom	1.1	0	0

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark:

This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	31.3.23	31.3.24	31.3.25	31.3.26

	Actual	Forecast	Forecast	Forecast
Loans CFR	232.2	243.9	247.6	249.7
Less: Balance sheet resources	-125.3	-107.2	-101.1	-98.6
Net loans requirement	106.9	136.7	146.5	151.1
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	**116.9**	**146.7**	**156.5**	**161.1**
Existing borrowing	**-137.2**	**-159.3**	**-135.4**	**-130.9**

The chart below contains a number of elements, which are explained below:

The blue line reflects the accumulated value of historic, and future, unfunded capital expenditure – i.e. expenditure initially funded by borrowing and then funded via the revenue budget, over time, in the form of MRP (Minimum Revenue Provision). In effect, this line represents the gross amount of borrowing required.

The solid red line is the calculated actual/real level of borrowing required, taking into account the Council's internal borrowing capacity (i.e. the value of balance sheet resources at any point in time). The gap between the blue and red lines represents the internal borrowing capacity.

The grey shaded areas represent the actual borrowing undertaken by the Council as of 30th September 2023 and shows how these loans reduce as they are scheduled for repayment.

The white gap between the solid red line and the grey shaded areas represents the estimated amount of new borrowing required over the next ten years. A large proportion of this new borrowing would be to replenish existing maturing borrowing, with the remainder being required as a result of the Council's capital expenditure plans.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

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	30.09.23 Actual	Upper limit	Lower limit	Complied
Under 12 months	27%	60%	0%	✓
12 months and within 24 months	17%	40%	0%	✓
24 months and within 5 years	8%	40%	0%	✓
5 years and within 10 years	9%	40%	0%	✓
10 years and within 20 years	17%	30%	0%	✓
20 years and within 30 years	3%	20%	0%	✓
30 years and within 40 years	15%	20%	0%	✓
40 years and within 50 years	0%	20%	0%	✓
50 years and above	4%	20%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term Treasury Management Investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26
Limit on principal invested beyond year end	£10m	£10m	£10m
Actual principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. Bank Rate rose by 1.25% from 4.25% on 1st April to 5.25% by 30th September.

Interest rate risk indicator	Limit	30.09.23 Actual	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000	13,714	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£100,000	31,800	✓

Mae'r dudalen hon yn wag yn

Report

Cabinet

Part 1

Date: 15 November 2023

Subject **Half Yearly Report on Treasury Management for the period 2023/24**

Purpose This report is to inform Cabinet of treasury activities undertaken within the financial year 2023/24 and confirms that all treasury and prudential indicators have been adhered to. The Cabinet is asked to make any comments or observations, as needed, which will be included in this report when subsequently sent to Council.

Author Assistant Head of Finance / Chief Accountant

Ward All

Summary In line with the agreed Treasury Management Strategy, the Council continues to be both a short-term investor of cash and borrower to manage day-to-day cash flows. Current forecasts indicate that, in the future, temporary borrowing may be required to fund normal day-to-day cash flow activities and longer-term borrowing will increase to fund commitments in the current capital programme, as well as the impact of reduced capacity for 'internal borrowing'.

Up to the end of September 2023, the Council's net borrowing is £80.8m, a decrease of £10.6m on 31 March 2023 levels.

Governance & Audit Committee considered the report on 26th October 2023. The feedback provided during the meeting did not result in any subsequent changes to the report.

Proposal To note the report on treasury management activities during the first half year period of 2023-24 and provide any feedback as required for the subsequent report to Council.

Action by Head of Finance / Assistant Head of Finance

Timetable Immediate

This report was prepared after consultation with:
▪ Treasury Advisors
▪ Head of Finance
▪ Governance & Audit Committee

Signed

Background

1. Treasury risk management within Newport City Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code). The revised edition had a number of key changes which the Authority has adopted in the 2023/24 financial year. The key changes are;
   - It particularly highlights the requirement that local authorities must not borrow to invest primarily for financial return.
   - The forward-looking prudential indicators must be monitored and reported to members at least quarterly (currently half-yearly) as part of the normal budget monitoring reports.
   - The Authority will also have to explicitly document a formal and comprehensive knowledge and skills schedule to ensure the effective acquisition and retention of treasury management skills for those responsible for the management, delivery, governance, decision-making and compliance with legislative requirements.

2. CIPFA defines Treasury Management as

   The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

   The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

3. The 2023/24 Treasury Management Strategy was approved by the Council as part of the Capital Strategy in February 2023 and can be viewed at the following location.

   https://democracy.newport.gov.uk/documents/s25059/05%20Council%20Report%20-%20Capital%20Strategy%20Treasury%20Strategy%202023-24.pdf?LLL=0

4. This report presents the following information:

   - details of capital financing, borrowing, any debt rescheduling and investment transactions
   - reports on the risk implications of treasury decisions and transactions
   - details the monitoring position on treasury management transactions
   - compliance with treasury limits set and Prudential Code

BORROWING STRATEGY / ACTIVITY

Short and Long Term Borrowing

5. Whilst the Council has significant long-term borrowing requirements, the Council's current strategy of funding capital expenditure is through the concept of 'internal borrowing', where the Council seeks to use its existing cash balances to afford its capital expenditure prior to taking out external borrowing i.e. deferring taking out new long term borrowing and funding capital expenditure from the Council's own cash resources for as long as is possible, which it has because of its 'cash-backed' reserves and, to a lesser extent, day to day positive cash-flows. The Council may undertake borrowing early if there is a clear underlying need for future borrowing and it feels it can minimise the risk of future interest rate rises while providing value for money. Any such action will be in line with advice from our treasury advisors.

6. There has been a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.   Following the September Monetary Policy Committee, the Council's treasury advisors, Arlingclose, modestly

revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

7. By using an internal borrowing strategy, the Council can also minimise cash holding at a time when counterparty risk remains relatively high, especially within the current economic climate. The interest rates achievable on the Council's investments are also lower than the current rates payable on long-term borrowing so this remains a sensible consideration in operating an 'internal borrowing' arrangement – i.e., it would cost more to borrow than it would to utilise existing investment balances and forego interest receivable. Whilst the strategy minimises investment counterparty risk, the risk of interest rate exposure is increased.

8. Given current investment levels, and whilst a couple of longstanding loans fall due for redemption between now and the financial year end, it is anticipated that the year-end position will still be a net investment balance of circa £22.8m. This also prudently assumes that capital spending is in line with the capital programme, when instead commonly service managers will identify an increasing need to slip capital budgets into following year as the year progresses, which in turn defers the need to borrow still further.

9. The following table compares the borrowing levels at the end of September with the equivalent from March 2023. A minimal amount of new long-term borrowing was required to be taken out in the first half of the financial year totalling £300k. This borrowing was from Salix which was interest free and was linked to a specific energy efficiency project. However, despite this there was still a net reduction in borrowing of £3.1m during 2023-24. This was due to the redemption of two small PWLB loans at the end of September, which have not been refinanced, plus there are a number of loans which are Equal Instalments of Principal (EIP) loans, which pays back principal over the life of the loan, so the borrowing levels decline naturally over the life of the loan as an alternative to maturity based loans where the amount borrowed is only repaid when the loan period expires.

Comparison	2023-24	2022-23
Public Works Loan Board	90,552,301	93,089,897
Interest Free Borrowing	9,947,012	9,905,757
LOBOs	30,000,000	30,000,000
Ex LOBO	5,000,000	5,000,000
Accrued Interest		606,212
	135,499,313	138,601,866

10. As well as traditional external borrowing via the Public Works Loans Board (PWLB), the Council had, as at 30th September 2023 LOBO (Lender Option / Borrower Option) borrowing totalling £30m. One of the features of a LOBO is that the lender can apply a change in rate at certain intervals, and this is more probable in an environment of rising interest rates, as currently being experienced. Therefore, all LOBOs outstanding are subject to potential change of interest rates by the lender (which would automatically trigger a right to the Council to repay these loans).

11. In late October, the Council received notification that the lender of a £5m LOBO had elected to increase the interest rate. Following advice from the Council's treasury advisors, under delegated authority, the Head of Finance determined to redeem the loan, rather than accept the increased interest rate. This was because the revised interest rate was higher than the current rate and not dissimilar to current borrowing rates via the PWLB. In addition, the Council has sufficient investment balances available to be able to afford the repayment, without the need for new long-term borrowing, at this point. In addition, by exiting from a LOBO arrangement, it allows the Council to de-risk an element of its borrowing portfolio, by taking away the risk of further interest rate rises on this specific loan.

INVESTMENTS ACTIVITY / POSITION

12. The Council's strategies in this area of Treasury Management are:

    - to be a short term and relatively low value investor, consistent with the pursuit of an 'internal borrowing strategy' and

    - investment priorities should follow the priorities of security, liquidity and yield, in that order.

13. The following table compares the investment levels at the end of September 2023 with the equivalent from the end March 2023 and the previous year. This indicates a net increase in investment activity of £7.4m since March 2023, although it is anticipated that investment balances will naturally reduce as the year progresses.

Comparison	2023-24	2022-23
Investment	- 54,680,000	- 47,231,574
	- 54,680,000	- 47,231,574

14. The January 2018 saw the implementation in the UK of the second Markets in Financial Instruments Directive (MiFID II), where treasury consulting firms were obliged to treat all local authorities as retail clients unless they opted up to professional client status and met certain criteria. Those criteria included holding a minimum of £10m investment balance and employing knowledgeable and experienced staff to carry out investment transactions. In February 2023, the Council invested in three covered bonds to satisfy this requirement; Santander (£3.5m), Lloyds (£4m) and Cie de Financement Foncier (£2.5m). These are longer term investments which helps diversify our investment portfolio and provide a high level of investment security.

NON-TREASURY INVESTMENTS

15. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government's (MHCLG) and Welsh Government, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

16. The Authority held such investments in:

    - directly owned property such as office and commercial units of £10.6m
    - loans to developers £10.3m
    - shareholding in subsidiaries £0.3m (Newport Transport)

17. Directly held property is subject to annual valuation review which can change the value of the holding.

18. The developer loans activity reflects those regenerative partnership projects that are included within the capital programme to assist developers with cash flow loans on particular projects and which are required to be repaid plus interest.

OTHER TREASURY CONSIDERATIONS FOR 2023-24

Economic background and Counter Party Update

19. Appendix A outlines the underlying economic environment as provided by the Council's Treasury Management Advisors, Arlingclose. This is very useful context in informing annual strategy and assisting in effective treasury decisions.

20. Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

21. Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Compliance with Prudential Indicators approved by Council

22. The Authority measures and manages its exposures to treasury management risks using various indicators which can be found in Appendix B. The Authority has complied with the Prudential Indicators for the first half of 2023/24, set in February 2023 as part of the Treasury Management Strategy.

Liability Benchmark Indicator

23. CIPFA recommends that the optimum position for external borrowing should be at the level of the Liability Benchmark (i.e. all balance sheet resources should be used to maximise internal borrowing). If the outputs show future periods where external loans are less than the Liability Benchmark, then this indicates a borrowing requirement thus identifying where the authority is exposed to interest rate, liquidity and refinancing risks. Conversely, where external loans exceed the Liability Benchmark then this will highlight an over borrowed position which will result in excess cash in the organisation requiring investment thus exposing the authority to credit and reinvestment risks and a potential cost of carry. The treasury strategy should explain how the treasury risks identified by the Liability Benchmark are to be managed over the coming years.

24. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow. It is often denoted in pictorial form using the following graph:

Liability Benchmark - Newport City
Scenario 3

Legend: Fixed rate loans | LOBO loans | Loans CFR | Liability benchmark | Net loans requirement
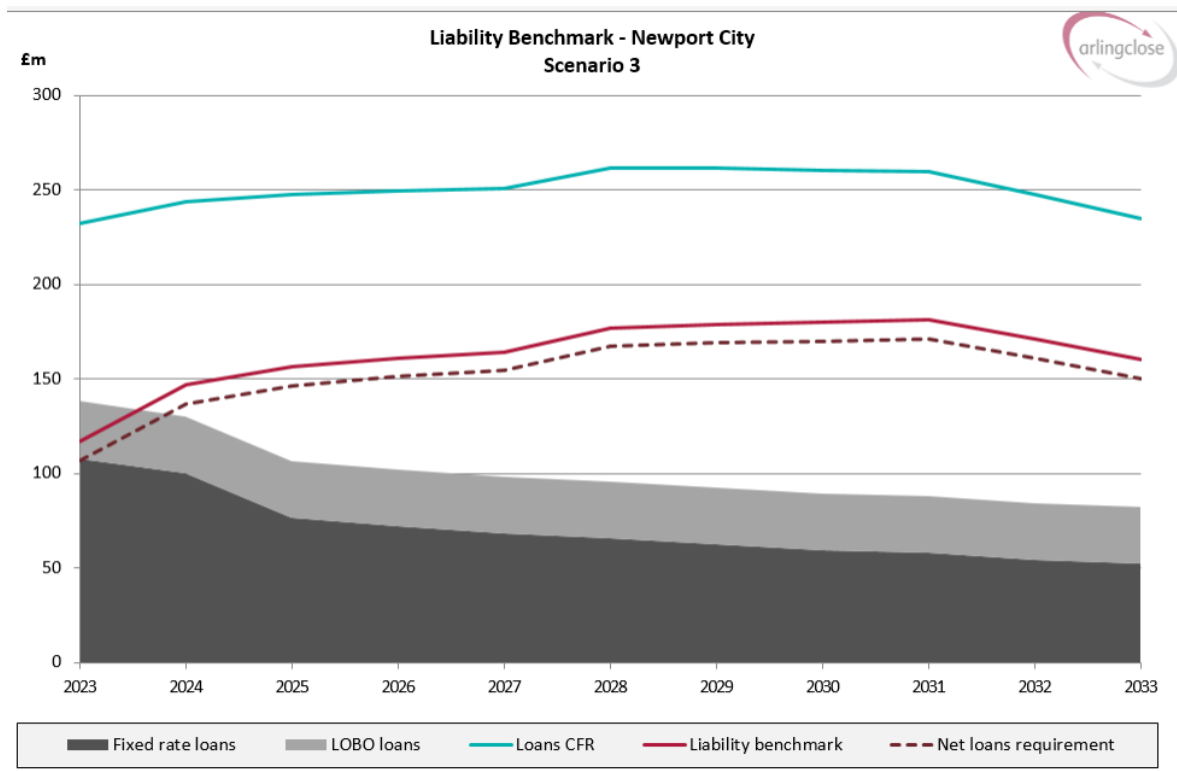
25. In the chart above, the blue line reflects the accumulated value of historic, and future, unfunded capital expenditure – i.e. expenditure initially funded by borrowing and then funded via the revenue budget, over time, in the form of MRP (Minimum Revenue Provision). In effect, this line represents the gross amount of borrowing required.

    The solid red line is the calculated actual/real level of borrowing required, taking into account the Council's internal borrowing capacity (i.e. the value of balance sheet resources at any point in time). The gap between the blue and red lines represents the internal borrowing capacity.

    The grey shaded areas represent the actual borrowing undertaken by the Council as of 30 September 2023 and shows how these loans reduce as they are scheduled for repayment.

    The white gap between the solid red line and the grey shaded areas represents the estimated amount of new borrowing required over the next ten years. A large proportion of this new borrowing would be to replenish existing maturing borrowing, with the remainder being required as a result of the Council's capital expenditure plans.

Outlook for short to medium term

26. As outlined in the Liability Benchmark graph, and elsewhere in the report, the Council has a longer term underlying need to borrow. This is driven by the increasing expenditure on the Capital Programme, with a significant peak expected during 2023/24 and 2024/25, as well as the need to refinance existing borrowing. It is anticipated that the need to borrow will crystallise towards the first half of the 2024/25 financial year. In the intervening period, the Council should be able to manage its cashflow requirements through its internal borrowing strategy and gradually reducing the level of investments held. If there are any short term cashflow needs, these can be addressed via short term borrowing.

27. Aside from LOBOs, which could potentially see interest rate rises, all of the external borrowing is on a fixed rate basis. Therefore, and in line with advice from the treasury advisors, the intention is to hold off undertaking any borrowing until absolutely necessary, in anticipation that rates will reduce,

even if not to the levels available in recent years. This position will be reviewed on a regular basis in conjunction with the treasury advisors, especially in light of the volatile economic context and the regularly changing borrowing rates.

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?
Investment counterparty not repaying investments	High, but depending on investment value.	Low	The Council only invests with institutions with very high credit scores. It employs advisors to monitor money market movements and changes to credit scores and acts immediately should things change adversely. The lower levels of funds available for investment will also alleviate the risk. Colleagues also monitor financial circulars and Treasury consultants advice to be able to respond in a timely fashion, and withdrew its investment from one local authority recently.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors
Interest Rates moving adversely against expectations	Medium	Medium	Interest rates are currently volatile, however the Council's external borrowing is based on fixed interest rates, although there is a degree of risk in relation to LOBOs. The Council will continue to monitor interest rates in anticipation of a medium term need to borrow and will work with its treasury advisors to identify the optimum time to undertake any new borrowing.	Head of Finance, Treasury staff, treasury advisors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

It is the Council's policy to ensure that the security of the capital sums invested is fully recognised and has absolute priority. The Council follows the advice of the Welsh Government that any investment decisions take account of security, liquidity and yield in that order.

Options Available and considered

The Prudential Code and statute requires that, during and at the end of each financial year, reports on these matters are presented to Council for approval.

Preferred Option and Why

The approach required by statute is quite prescriptive, such that there aren't many choices/options. This report is a regular half yearly event. The Governance & Audit Committee acts as the main scrutiny mechanism before a similar report is received by Cabinet/Council. Following Governance & Audit Committee's consideration of this report, Cabinet are asked to note the contents of the report in relation to Treasury activities and indicators and provides endorsement or feedback pertinent to add to the subsequent Council report.

Comments of Chief Financial Officer

Decisions made on treasury matters will be made with a view to complying with the Treasury Management Strategy, Prudential Indicators, taking advice, where needed, from our treasury advisors.

The report reflects a relatively stable period from a treasury management perspective. Borrowing levels have reduced slightly, as expected and investment balances have actually increased, although it is expected that this trend will reverse during the second half of the year, as would traditionally be the case. As highlighted in previous reports, and confirmed by the Liability Benchmark indicator, there remains an underlying, medium-term, need to borrow, which is currently anticipated to crystallise during the first part of 2024/25.

The indications are that interest rate volatility has now calmed, with our treasury advisors forecasting that rates will remain broadly in line with current levels, before starting to steadily reduce. Because of this, and the fact that there is not an imminent need to borrow, there is not an intention to undertake new long-term external borrowing until absolutely necessary, unless there are financial advantages of doing so. Rates will continue to be closely monitored on a regular basis, to identify any change in circumstances.

It may be necessary to undertake some short-term borrowing to assist with managing day to day cashflow requirements and, if that is required, I have the necessary delegated authority to undertake this. The same also applies should any further existing LOBOs be repaid and require refinancing. Should that eventuality arise, the Council would liaise with its treasury advisors and carefully consider the best option for refinancing those loans, unless they could be afforded from within existing investment balances.

Comments of Monitoring Officer

There are no legal implications. The in year and annual treasury management report is consistent with relevant Chartered Institute of Public Finance and Accountancy Guidance, Treasury Management principles and the Council's investment Strategy.

Comments of Head of People, Policy & Transformation

There are no direct HR implications associated with the report.

The Well-being of Future Generations Act requires public bodies to balance short-term needs with the needs to safeguard the ability to meet long-term needs as outlined in the approach taken.

Comments of Cabinet Member

N/A

Local issues

N/A

Scrutiny Committees

N/A

Fairness and Equality Impact Assessment:

• **Wellbeing of Future Generation (Wales) Act**

- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

For this report, a full Fairness and Equality Impact Assessment has not been undertaken. This is because this report is not seeking any strategic decisions or policy changes, with its purpose being to update on the treasury management activities for the year retrospectively. However, fairness and equality are considered as part of service delivery and will feature in annual finance reports, such as the Treasury and Capital Strategy.

In terms of the Wellbeing of Future Generations (Wales) Act, and the five ways of working contained within it, this report highlights examples of these being supported. This report is a backwards looking report of the treasury management activities of the Council. It shows that we followed the treasury management strategy and the compliance with prudential code and treasury management indicators. This links into the long-term objectives of the authorities and ensures that the Councils' activities are carried out in an affordable, prudent and sustainable manner.

In the case of the Welsh Language, the service will continue to ensure that, wherever possible, services or information is available in the medium of Welsh.

The Equality Act 2010 contains a Public Sector Equality Duty, which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better-informed decision-making and policy development and services that are more effective for users. Nothing in this report is considered to have a direct equality impact.

Consultation
N/A

Background Papers
Report to Council February 2023: Capital Strategy and Treasury Strategy.

Dated: 7th November 2023

APPENDIX A

Introduction

The Authority's treasury management strategy for 2023/24 was approved at a meeting on 28th February 2023. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

External Context (Provided by the Council's Treasury Management Advisors

Economic background: UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

Financial markets: Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

Credit review: Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local Context

On 30th September 2023, the Authority had net borrowing of £80.8m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.03.23 Actual £m	31.03.24 Forecast £m
General Fund CFR	270.9	280.0
Less: *Other debt liabilities	38.5	36.1
Borrowing CFR	**232.4**	**243.9**
Less: Usable reserves	-139	-104
Less: Working capital	-2	-4
Net borrowing	**91.4**	**136.2**

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

The treasury management position on 30th September 2023 and the change over the six months is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	30.9.23 Balance £m	30.9.23 Rate %
Long-term borrowing	128.7	(3.1)	125.6	3.6
Long term interest free borrowing	9.9	0.0	9.9	-
Short-term borrowing	0.0	-	-	-
Total borrowing	**138.6**	**(3.1)**	**135.5**	**3.6**
Long-term investments	(10.0)	0.0	(10.0)	4.3
Short-term investments	(30.2)	(11.3)	(41.5)	-
Cash and cash equivalents	(7.0)	3.8	(3.2)	0.3
Total investments	**(47.2)**	**(7.4)**	**(54.7)**	**4.6**
Net borrowing	**91.4**	**(10.6)**	**80.8**	**8.2**

A minimal amount of new long-term borrowing was taken out in the first half of the financial year totalling £300k. This borrowing was from Salix which was interest free and was linked to a specific energy efficiency project. However, the Council also have a number of other loans with Salix which are EIPs which is why long term interest free borrowing has not increased. The Council have also redeemed two small PWLB loans at the end of September, which have not been refinanced, plus we have a number of loans with PWLB which are Equal Instalments of Principal (EIP) loans as well.

Short term investments have increased during the period but this is part of the normal day to day treasury management activity of managing cashflows.

Borrowing

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The Authority has not invested in assets primarily for financial return or that are not primarily related to the functions of the Authority. It has no plans to do so in the future.

Borrowing strategy and activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

There was a substantial rise in the cost of both short- and long-term borrowing over the last 18 months. Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank Rate was 2% higher than at the end of September 2022.

UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023/24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels. On 30th September, the PWLB certainty rates for maturity loans were 5.26% for 10-year loans, 5.64% for 20-year loans and 5.43% for 50-year loans. Their equivalents on 31st March 2023 were 4.33%, 4.70% and 4.41% respectively.

At 30th September the Authority held £135.5m of loans, a decrease of £3.1m to 31st March 2023, as part of its strategy for funding previous years' capital programmes. Outstanding loans on 30th September are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.23 Balance £m	Net Movement £m	30.9.23 Balance £m	30.9.23 Weighted Average Rate %	30.9.23 Weighted Average Maturity (years)
Public Works Loan Board	93.1	(2.5)	90.6	3.6	18.0
Banks (LOBO)	30.0	-	30.0	4.4	31.0
Banks (fixed-term)	5.0	-	5.0	3.8	54.7
Local authorities (long-term)	-	-	-	-	-
Local authorities (short-term)	-	-	-	-	-
Other inc. WG loans	9.9	0.0	9.9	-	0.4
Accrued interest	0.6	(0.6)	-		
Total borrowing	**138.6**	**(3.1)**	**135.5**	**3.6**	**21.3**

The Authority's borrowing decisions are not predicated on any one outcome for interest rates

LOBO loans: On 1st April 2023, the Authority held £30m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate and terms or to repay the loan at no additional cost.

As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. £30m of LOBO loans had annual/semi-annual call option dates during the six-month period to September 2023, no LOBO loans were called

The Authority has £30m LOBO loans with call dates within the next 12 months, some of which will occur during the remainder of the financial year. The Authority has liaised with treasury management advisors Arlingclose over the likelihood of the options being exercised. If the option is exercised and an increased rate proposed, the authority will consider its options at that particular point, in conjunction with advice from Arlingclose. It may choose to repay the loan from existing short term investment balances and, in doing so, mitigate the risk of future interest rate rises on that particular loan. Alternatively, depending upon the availability of cash and the new rate being proposed, the Authority may decide to accept the new interest rate.

Other Debt Activity

Although not classed as borrowing, the Authority previously raised capital finance to afford Glan Usk School and the Southern Distributor Road. The Accounts for 2022-23 an outstanding liability of £39m to pay to the operator.

Treasury Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the half year, the Authority's investment balances ranged between £47.2 and £80.9 million due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.23 Balance £m	Movement £m	30.09.23 Balance £m	30.09.23 Income Return %	30.09.23 Weighted average maturity Years
Banks & building societies (unsecured)	-	(0.9)	(0.9)	1.5	On Call
Government (incl. local authorities)	(30.2)	(11.3)	(41.5)	5.2	0.3
Money Market Funds	(7.0)	4.8	(2.3)	3.7	On Call
Covered Bonds	(10.0)	0.0	(10.0)	4.3	4.3
Total investments	**(47.2)**	**(7.4)**	**(54.7)**	**5.0**	**1.0**

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.

Bank Rate increased by 1%, from 4.25% at the beginning of April to 5.25% by the end of September. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%. The rates on DMADF deposits also rose, ranging between 4.8% and 5.4% by the end of June and Money Market Rates between 4.1 and 5.2%.

The £10m that is available for longer-term investment is invested in covered bonds, which has been maintained since the last report and no change is expected in the medium term.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Statutory override: In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for two years until 31st March 2025, but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken, although it should be noted that the Council currently has no long-term pooled fund investments.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

The Authority also held investments in
- directly owned property such as office and commercial units of £10.6m
- loans to developers £10.3m
- shareholding in subsidiaries £0.3m

These investments generated £0.45m in 2022/23 of investment income for the Authority after taking account of direct costs.

Compliance

The Head of Finance reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Table 7 below.

Table 7: Investment Limits

Sector	Time limit	Counterparty limit	Sector limit	30.09.23 Actual	Complied? Yes / No
The UK Government	50 years	Unlimited	n/a		✓
Local authorities & other government entities	25 years	£10m	Unlimited	41.5	✓
Secured investments *	25 years	£10m	Unlimited	10.0	✓
Banks (unsecured) *	13 months	£10m	Unlimited	0.9	✓
Building societies (unsecured) *	13 months	£10m	£10m		✓
Registered providers (unsecured) *	5 years	£10m	£25m		✓
Money market funds *	n/a	£10m	Unlimited	2.3	✓
Strategic pooled funds	n/a	£10m	£25m		✓
Real estate investment trusts	n/a	£10m	£25m		✓
Other investments *	5 years	£10m	£5m		✓

Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Table 8: Debt and the Authorised Limit and Operational Boundary

	2023/24 Maximum	30.09.23 Actual	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes / No
Borrowing	138	135.5	150	246	✓
PFI and Finance Leases	38	36.2	39	39	✓
Total debt	**176**	**171.7**	**189**	**285**	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

1. Liability Benchmark:

This indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

	31.3.23 Actual	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	232.2	243.9	247.6	249.7
Less: Balance sheet resources	-125.3	-107.2	-101.1	-98.6
Net loans requirement	106.9	136.7	146.5	151.1
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	**116.9**	**146.7**	**156.5**	**161.1**
Existing borrowing	**-137.2**	**-159.3**	**-135.4**	**-130.9**

Following on from the medium-term forecast above, the long-term liability benchmark assumes no new capital expenditure funded by borrowing until 2028/29 (other than that already approved as part of the Capital Programme), minimum revenue provision on new capital expenditure based on a 25 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing.
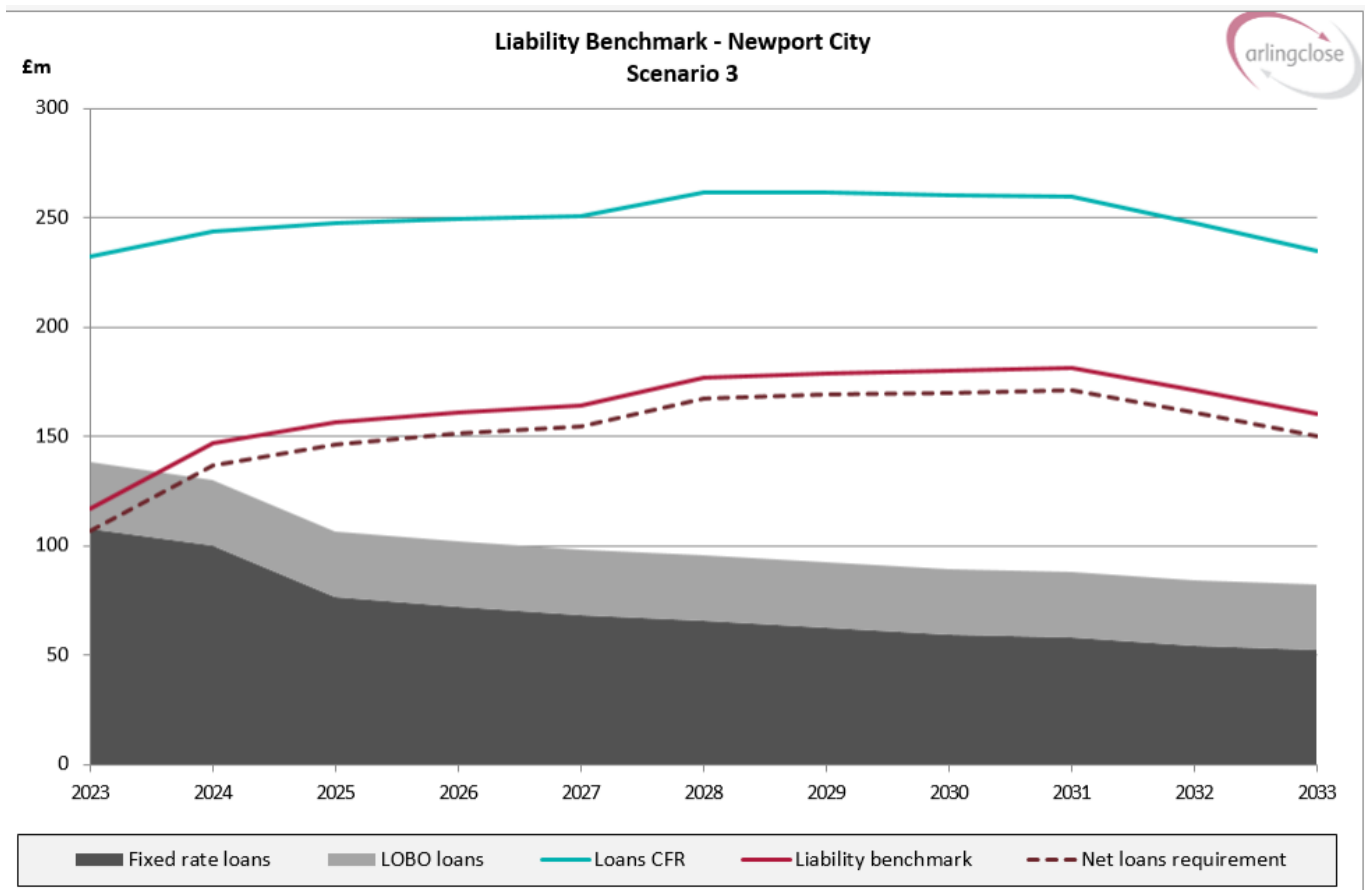
Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

2.   <u>Maturity Structure of Borrowing</u>**:** This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.23 Actual	Upper limit	Lower limit	Complied

Under 12 months	27%	60%	0%	✔
12 months and within 24 months	17%	40%	0%	✔
24 months and within 5 years	8%	40%	0%	✔
5 years and within 10 years	9%	40%	0%	✔
10 years and within 20 years	17%	30%	0%	✔
20 years and within 30 years	3%	20%	0%	✔
30 years and within 40 years	15%	20%	0%	✔
40 years and within 50 years	0%	20%	0%	✔
50 years and above	4%	20%	0%	✔

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

3. <u>Long-term Treasury Management Investments</u>: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2023/24	2024/25	2025/26	No fixed date
Actual principal invested beyond year end	10	10	10	10
Limit on principal invested beyond year end	£10m	£10m	£10m	£10m
Complied	✔	✔	✔	✔

Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

<u>Interest Rate Exposures:</u> This indicator is set to control the Authority's exposure to interest rate risk. Bank Rate rose by 1.25% from 4.25% on 1st April to 5.25% by 30th September.

Interest rate risk indicator	Limit	30.09.23 Actual	Complied
Upper limit on one-year revenue impact of a 1% rise in interest rates	£200,000	13,714	✔
Upper limit on one-year revenue impact of a 1% fall in interest rates	£100,000	31,800	✔

For context, the changes in interest rates during the first half of the year were:

	31/3/23	30/9/23
Bank Rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%
10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

Report

Cabinet

Part 1

Date: 15 November 2023

Subject **Council Tax Premiums**

Purpose For Cabinet to consider the options around charging premiums for long term empty properties and second homes and authorise a consultation process to gather public opinion on the matter.

Author Revenues & Benefits Manager / Head of Finance

Ward All

Summary This report sets out the options for charging council tax premiums on long term empty properties and second homes. It sets out the context to the consideration, focussed on bringing more homes back into use when the city has a current shortage of properties and demand for accommodation is significantly outstripping availability of homes.

Proposal **That Cabinet notes the contents of the report and agree that a public consultation on the introduction of council tax premiums is undertaken.**

Action by Revenues & Benefits Manager / Head of Finance

Timetable This report was prepared after consultation with:

- Head of Law & Regulation
- Head of People Policy and Transformation
- Head of Housing

Signed

Background

Since the pandemic Newport has seen a 114 per cent rise in demand for temporary accommodation. In March 2023, there were over 450 households placed in temporary accommodation under the council's statutory housing duties. There are currently over 9,000 people on the Common Housing Register for social housing in the city. In 21/22 there were 686 new letting of social housing of which 302 went to homeless households.

As council we are committed to transforming our housing service to meet current pressures, improve outcomes for citizens and to ensure that homelessness becomes rare, brief and unrepeated in the city. To achieve this, we must increase the supply of good quality and affordable accommodation by making best use of all available housing stock, including empty properties. There are currently high number of empty properties that despite efforts to encourage owners to bring them back into use, remain empty, often for many years. There are also a small number of second homes in the city that are kept furnished and ready for use but are not used as anyone's sole or main residence.

There are currently 2,565 empty dwellings in the city, of which 1,440 are exempt from paying council tax. Of the remaining 1,125, many those, around 830 are considered to be long term empty properties, having been continuously vacant for a year or more. There are currently 15 second homes.

From April 2019, Newport City Council removed the discretionary 50% discount on empty homes and no reductions are available other than the statutory exemptions when a property first becomes empty and unfurnished.

In the case of empty properties, they are initially exempt for 6 months, or 12 months if major work is required. Following the expiration of the exemption period, council tax is charged at the full standard rate. If introduced, a premium would apply after a property has been empty and unfurnished for a period of at least 12 months which includes the exemption period.

The Housing (Wales) Act 2014 gives local authorities in Wales the discretion to a premium on top of the standard rate of council tax on long-term empty dwellings and second homes. Most Welsh councils have now adopted premiums and Newport City Council is one of only a handful of authorities yet to do so.

The Council can choose any percentage for the premium up to a maximum of 300% of the standard council tax. A premium of 100% effectively doubles the amount due, a premium of 300% would see four times the standard council tax being charged.

The intention of charging a premium is to encourage property owners to bring them back into use as soon as possible to avoid having to pay a premium. Should they remain unused the additional income raised from the premium can be used by the Council.

The Council can retain the full amount of council tax premium collected without its share of Revenue Support Grant (RSG) being adversely affected. Cabinet will be aware that if an individual Council's tax base increases by more than the 'average' across Wales, it loses RSG and premiums has the effect of increasing the Council's tax base. However, for the purposes of the distribution of RSG, Council Tax premiums are not included.

The Council is encouraged to use the additional funds for housing related expenditure, though this is not mandatory. Housing services costs have increased very significantly over the last 2-3 years as housing demand outstrips supply and the cost of short-term temporary placements is unrecoverable due to Housing Benefit Subsidy regulations. The Council invested £2.7m in housing budgets over the last 2 years and demand continues to exceed budget levels.

When can a premium be charged?

Both second home and long-term empty property premiums have to commence at the start of a financial year and require a Council resolution before being chargeable.

Second Homes

A premium can be charged on second homes once the Council has established that the property is kept furnished and is not occupied as anyone's sole of main residence.

The legislation states that a period of at least 12 months must elapse between the Council deciding to charge a second home premium and it coming into force.

The earliest that a second home premium could commence is therefore 1 April 2025.

Although Newport has low numbers of second homes, introducing a second home premium is necessary to consider and implement alongside any premium on empty homes to ensure a consistent approach in what are 'empty homes'.

Long Term Empty Properties

A premium in respect of a long-term empty dwelling can be charged once the property has been empty and unfurnished for at least 12 months. A dwelling that is exempt from council tax is not liable for a premium. If the council tax exemption is time limited and the dwelling remains unoccupied it will become liable for a premium after the exemption expires and it has been empty for a continuous period of 1 year.

Welsh Government does recommend that a first determination to apply a premium to long-term empty dwellings should be made at least 6 months before the beginning of the financial year to which the premium relates, however unlike with second homes this is advisory and not a mandatory requirement.

The Council must resolve to charge a long-term empty property premium in advance of setting its council tax. Provided this requirement is met a premium for long term empty dwellings could be charged from 1 April 2024 if that decision was taken in the Council's January 2024 meeting.

Circumstances where a premium cannot be charged

The legislation sates that a dwelling will not be subject to a premium if it is in one of the following excepted categories:

Class of Dwelling	Definition	Application
Class 1	Dwellings being marketed for sale. Provides a 12-month exception from the date the property is marketed for sale or the start of the premium whichever is later.	Second homes & Long-Term Empty Properties
Class 2	Dwellings being marketed for let. Provides a 12-month exception from the date the property is advertised as available to let or the start of the premium whichever is later.	Second homes & Long-Term Empty Properties
Class 3	Annexes No time limit	Second homes & Long-Term Empty Properties
Class 4	Dwellings that would be someone's sole or main residence if they were not living in armed forces accommodation.	Second homes & Long-Term Empty Properties
Class 5	Occupied caravan pitches and boat moorings.	Second homes only
Class 6	Seasonal homes where year-round occupation is prohibited.	Second homes only
Class 7	Job related dwellings.	Second homes only

In addition to the above mandatory categories there is the option for the Council to specify as part of the charging resolution, any class of property where it does not want to charge a premium.

To avoid a high number of time-consuming appeals if there are categories that the Council knows from the outset that it doesn't want to charge a premium for; it would be sensible to specify these exceptions at the same time as the resolution to charge.

Options could include:

- Where a 12 month exemption for work required to make a property habitable has already been awarded and the property is sold to a new owner a premium would apply to the new owner immediately.
- The Council could decide that the new owner will not be liable to pay a premium for a further 3, 6 or 12 months. In the case of a long-term empty dwelling that is sold, the new owner could be excepted from the premium for a short period to allow time to move in, redecorate etc.
- Properties damaged by fire, flood or natural disaster; consideration could be given to excepting these properties for an additional period once the mandatory 12-month exemption expires in recognition of the time needed to bring them back into use.

Legislative Background

The Housing (Wales) Act 2014 (which amended the Local Government Finance Act 1992) gave local authorities in Wales the discretion to charge higher amounts (a premium) of up to 100% of the standard rate of council tax on long-term empty dwellings and dwellings occupied periodically (second homes) in their areas. From 1st April 2023, the maximum level at which local authorities can set council tax premiums has been increased to 300%.

Welsh Government has issued guidance on introducing premiums this can be found here:

WG Guidance
Council Tax on Emp

Financial Summary (Capital and Revenue)

There are no capital implications.

From a revenue perspective, the implementation of a premium will result in additional Council Tax being due, in line with the relevant level of premium adopted and the number of eligible properties. The level of premium due across all eligible properties will be reflected in the Council's annual tax base calculation. For example, should a premium of 100% be implemented, an eligible property would effectively be worth double the standard rate of Council Tax at the relevant banding. As a result, when setting the annual revenue budget for the year, the Council would budget for the additional Council Tax likely to be generated, less the appropriate allowance for non-collection.

It is important to note that Council Tax premiums are discounted from the tax base figure that features in the Welsh Government's annual Local Government Settlement calculation. Therefore, the introduction of a premium will not impact upon the level of Revenue Support Grant received by the local authority.

As well as the additional income that is generated, it will be necessary to consider the resources required within the Revenues team to administer the scheme. This cost is something that will need to be reflected as a pressure in the Council's Medium Term Financial Plan and will, in overall terms, reduce the level of additional income that can be budgeted for.

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?
Eligible properties are lower than the Council anticipated leading to lower income levels.	H	M	A survey of empty properties and targeted inspections will be undertaken in advance of premiums being introduced to refine the estimates for chargeable premiums.	Head of Finance
Collection rates of premiums are lower than budgeted.	M	M	Recovery action will be taken promptly and where necessary a charge to secure the council tax debt will be placed on the property.	Revenues & Benefits Manager.
Large volume of queries/appeals are received	H	H	Additional staff resources will be required to handle the additional correspondence and property inspections. Specifying NCC specific exceptions will reduce the number of potential appeals and protracted correspondence.	Revenues & Benefits Manager.

Links to Council Policies and Priorities

Addressing homelessness and increasing the availability of affordable housing is set out within the Council's Corporate Plan and the Housing and Communities Service Plan. This report provides proposals on how introducing Council Tax premiums could impact upon available premises and support Council financial management processes by bringing empty properties back into use.

One of the principles for delivery of our Corporate Plan is to be a listening council and for the views of communities, service users, and partners to shape the services we deliver, and the places people live in. Should cabinet progress with this proposal, a public consultation will be undertaken and will inform any decision making.

Options Available and Considered

This report provides a context to the consideration of introducing Council Tax premiums and the legislative and practical considerations. It seeks a consultation to be implemented on the matter for Cabinet's consideration and then, if agreed, to go to Council for decision.

At this point therefore, Cabinet could decide to not proceed with any consideration to introduce Council Tax premiums and not consult.

Looking ahead, should Cabinet decide to recommend to Council that council tax premiums are introduced, there are a range of options that need to be considered and recommended in the first instance:

- Whether to introduce premiums or leave things as they are.
- When to introduce premiums from.
- The level that the premium should be set to be effective.

Whether local exceptions are to be specified These will need consideration by full Council at that point.

Preferred Option and Why

That a public consultation exercise is undertaken with a further report to Cabinet once that has concluded; should Cabinet decide that premiums should be adopted, a report to Council will be prepared.

Comments of Chief Financial Officer

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The financial summary sets out the key financial issues associated with this proposal. At this point, the report merely asks Cabinet for permission to engage residents via a survey. If a decision to implement was taken forward; the Council would need to consider at what level and from a budgeting viewpoint, consider how many of the long-term properties would be eligible to charge a premium. The Council has little intelligence on these properties and several other issues may reduce the number of actual properties subject to the premium especially in the first year or two. A reasonably prudent approach to this is therefore required.

Comments of Monitoring Officer

The Council has the power to raise the Council Tax charge on empty dwellings as set out in the report and the legal provisions and considerations relating to this are set out in the report and in the embedded guidance document produced by the Welsh Government.

Before implementing any change, the Council should ensure that an equality impact assessment has been carried out in accordance with the Equality Act 2010 and the Equality Act 2010 (Statutory Duties) (Wales) Regulations 2011; due regard will also need to be given to the provisions of the Well-Being of Future Generations (Wales) Act 2015. The Council must ensure that the outcome of such assessment together with the responses to the proposed consultation are taken into account and all points of view arising therefrom are considered in making any final decision on the matter. As is identified in the report, any decision to implement a change to Council Tax charges must be taken by full Council.

Comments of Head of People, Policy and Transformation
The report gives Cabinet the opportunity to consider the options around charging council tax premiums for long term empty properties and second homes, whilst seeking authorisation to undertake a consultation to gather the views of the public.

An FEIA has yet to be carried out but if authorisation is granted, then a public consultation would support the assessment alongside consideration of the Well-being of Future Generations (Wales) Act 2015 and the five ways of working, to meet both short-term and long-term housing needs. There are currently no direct HR implications associated with this report.

Scrutiny Committees

None

Fairness and Equality Impact Assessment:
- **Wellbeing of Future Generation (Wales) Act**
- **Equality Act 2010**
- **Socio-economic Duty**
- **Welsh Language (Wales) Measure 2011**

The Well-being of Future Generations (Wales) Act seeks to improve the social, economic environmental and cultural well-being of Wales. Public bodies should ensure that decisions consider the impact they could have on people living in Wales in the future. The Council has always sought to engage with residents before taking any decision which may impact upon the delivery of any public service in accordance with the principles of fairness and legitimate expectation. The sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act have been considered as outlined below:-

• **Long term:** the importance of balancing short- term needs with the need to safeguard the ability to also meet long–term needs: The consultation exercise that is proposed will look to gather opinion on the use of premiums as a way to encourage more dwellings to be brought back into use, and increase the long term supply of available housing within the city.

• **Prevention**: How acting to prevent problems occurring or getting worse may help us meet our objectives. If more homes are made available as a result of the introduction of premiums it will help reduce reliance on temporary and emergency housing.

• **Integration:** Consider how the proposals will impact on our wellbeing objectives, our wellbeing goals, other objectives, or those of other public bodies. This proposal supports the following wellbeing objectives:

> **To improve skills, education and employment opportunities –** insecure housing leads to adverse outcomes for the education of children and maintaining employment, the provision of stable quality affordable housing is required to ensure that education and employment opportunities are not diminished.

> **To enable people to be healthy, independent and resilient** – to achieve this people require safe, secure and accessible housing, by considering introducing council tax premiums the Council is demonstrating it's commitment to using all available options to increase housing across the city.

> **To build cohesive and sustainable communities –** cohesive communities are those that have secure stable housing enabling residents to put down roots and feel part of the local community, by considering introducing council tax premiums the Council is therefore demonstrating it's commitment building cohesive and sustainable communities.

• **Collaboration**: Acting in collaboration with any other person (or different parts of NCC) that could help us meet our well-being objectives. Should council tax premiums be introduced the Revenues Team will be working closely with the empty homes team to identify properties where a premium may be applicable and also to offer solutions to the owners who may require assistance in bringing their properties into a useable condition.

• **Involvement**: The importance of involving people with an interest in achieving the wellbeing goals and ensuring that those people reflect the diversity of the city we serve. The Council will engage with the local community related to the proposal by way of a public consultation.

A Fairness and Equality Impact Assessment has not been carried out at this stage, should Cabinet decide that following the consultation process the matter will proceed to Council a full Fairness and Equality Impact Assessment will be undertaken.

Consultation

This report seeks approval to undertake a public consultation, once concluded the results of which will be reported to Cabinet.

Background Papers

None

Dated: 3 November 2023

Report

Cabinet

Part 1

Date: 15 November 2023

Subject: **Leisure and Well-being Project Update**

Purpose To update Cabinet on progress in the development of a new Leisure and Well-being Centre.

Author Head of Regeneration & Economic Development

Ward All

Summary Cabinet approved the delivery of a new Leisure and Well-being facility on land adjacent to the USW campus in February 2021. This decision followed a public consultation exercise which showed significant support for the development of a modern and sustainable facility in the city centre. Welsh Government approved grant funding as part of their Transforming Towns programme. A condition of this funding was that the Newport Centre be demolished in order to facilitate the delivery of a new Coleg Gwent Campus and these demolition works are nearing completion.

Work on the detailed design of the proposed facility is continuing with the intention to build an exemplar, sustainable and energy efficient leisure and well-being centre.

Proposal Cabinet is requested to:

- Note the progress being made on delivering the new facility.

Action by Head of Regeneration & Economic Development, Head of Law and Standards and Strategic Director – Environment & Sustainability.

Timetable Immediate

This report was prepared after consultation with:
- Chief Executive
- Strategic Director – Environment & Sustainability
- Strategic Director – Transformation & Corporate Centre
- Head of Law and Standards
- Head of Finance
- Head of People, Policy and Transformation

Signed

Background

Regeneration of the City Core
The adoption of the city centre Masterplan in 2019 kick started a significant period of regeneration and an aspiration to deliver a number of strategic regeneration projects in the city. This included the development of a new hotel and commercial space aimed at bringing economic resilience, creating new opportunities and raising the profile of the city to those wishing to visit or invest. New mixed tenure housing has been created to enable more people to live in a city centre location together with the refurbishment of the Newport Indoor Market. The council has committed to ongoing growth and regeneration of the city centre as highlighted in the Corporate Plan.

The proposed new leisure and wellbeing facility replaces the Newport Centre, providing brand new, sustainable, energy efficient facilities within the city centre for local communities and visitors. As outlined in a previous report to Cabinet, the former Newport Centre was the oldest facility within the Newport City Council leisure estate and was in need of significant investment. It was also the most expensive NCC owned leisure facility to operate, with complex and outdated plant systems in place. Achieving carbon net zero, modern accessibility standards and reducing operating costs would not have been achievable without further significant, direct capital investment from the Council and it remains the case that proceeding with the new facility is the most appropriate option.

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Newport Knowledge Quarter
Within the city core 'area of focus', the city centre Master Plan identifies the opportunity to create a Newport Knowledge Quarter in the area around Friar's Walk and the USW campus. The current Nash campus needs significant investment and the redevelopment of the new leisure and wellbeing facility on land opposite the Newport Centre presented the council with an opportunity to release the existing site to Coleg Gwent for their new city centre campus. This new campus will provide a new, modern and fit for purpose facility in a more accessible location, as well as enabling the Council to deliver upon the Council's vision of delivering a Newport Knowledge Quarter in the heart of the city centre.

The Cabinet decision of February 2021 in relation to disposing of the Newport Centre site to Coleg Gwent is not impacted by this update report and progress is being made with the College in this regard, including the granting of outline planning permission. As a reminder, the Newport Knowledge Quarter offers very significant benefits. It will positively:

- **Boost the economy of Newport and the wider region –** increasing footfall and associated spend on local goods and services in Newport city centre **–** approximately 2,000 learners and 200 staff daily. At an estimated cost of £90m, the new facility will result in significant economic benefits for local suppliers and contractors, both during construction and operation.
- **Improve educational outcomes** - grouping curriculum elements in a landmark building, providing modern training facilities and equipment and establishing seamless 'learning pathways' to Higher Education.
- **Improve community cohesion** – supporting those dependent on locally provided FE and HE for cultural, social and economic reasons and providing new opportunities for those returning to study as mature students.
- **Improving community resources** – providing new and modern facilities and access to learning and enrichment for all ages; and as a centre for the local community for part-time, adult education, employability skills and English for Speakers of Other Language (ESOL)
- **Improve the physical infrastructure of Newport city centre** – through continued transformation, supporting the development of Newport as a focus for growth as identified in Welsh Government's 'Future Wales: the national plan 2040', and building on the momentum and impact of regeneration projects which have been delivered in other areas of the city centre to date.

Public Consultation

Between 17 December 2020 and 29 January 2021 a public consultation was undertaken and received over 1000 responses. This was considered a high response and gave Cabinet confidence that the views expressed were indicative of the wider Newport population. In summary the consultation confirmed:

- 94% of people who responded indicated that they would like to see new leisure and wellbeing facilities in Newport
- 85% of respondents indicated that they supported the reuse of the Newport Centre for the provision of a new college campus
- 74% said that they would use new facilities more often
- The most important facilities were considered to be a modern swimming pool which incorporated swimming for fitness and learning as well as fun.

New Leisure and Wellbeing Facility

The location of the proposed facility is at Mariners Wharf, next to the USW campus, and close to the former Newport Centre, as indicated on the plan below:

Reflecting the results of the public consultation, the facility is being designed to include:

- A modern leisure pool with a range of exciting and fun equipment.
- Flexible teaching pool facilities.
- Family friendly wet changing facilities.
- On site café.
- Fitness Suite with dry changing facilities.
- Active space for wellbeing and group activities.

On site disabled parking and bike storage will be integral to the proposed scheme and the overall footprint of the project has been amended to ensure that all development is contained on land within the Council's ownership. Initial plans had required the acquisition of land under the ownership of USW, which was not agreed. General parking will not be provided on site but will be available from nearby public car parks. The site is accessible by public transport and active travel connectivity is a positive feature of the location with easy access to the riverside walkway and surrounding active travel routes.

The new facility is intended to be built to high standards, carbon neutral in operation, with sustainability and the circular economy future proofing at its core. The centre will be accessible for all members of the community. We are not seeking to duplicate the wider sporting offer available across the City, instead

focussing on the leisure and well-being offer and seeking to maximise the opportunity for group activities. Officers are working closely with Newport Live and other partners to ensure that facilities provided meet the needs of the target user groups and provides the operator with a facility which is commercially viable to operate. Planning permission is in place for the new facility.

Overall the new leisure and wellbeing facility will:

- Enable the regeneration of a long-standing vacant brownfield site in the city centre.

- Create a fit for purpose, modern leisure and wellbeing facility for the people of Newport.

- Provide a new attraction and reason for people to visit Newport.

- Promote health and wellbeing, encouraging people and groups to engage and become more active.

- Promote an increased footfall in the city, creating vibrancy and wider economic benefits for city centre businesses.

- Generate confidence in the future of Newport through public sector-led investment.

- Support the sustainability of the Council's operating model for leisure and wellbeing.

Carbon Reduction and Energy Efficiency
As mentioned, delivering a facility which is energy efficient and embodies our climate change commitments continues to be a driver during the detailed design process. Officers have worked closely with the Welsh Government Energy Service to deliver a scheme which meets net zero in operation standards. The proposed solution involves the use of air source heat pumps and investment in the materials used within the built fabric of the building to drive energy efficiency. Importantly there will be no requirement for gas in the new facility. Cabinet is advised that the proposed new facility has the potential to be the first Net Zero Carbon Leisure Centre in the UK and the first all-electric facility of its type in the UK.

Circular Economy principles are also reflected in the new facility and as part of the demolition of the Newport Centre, materials were salvaged for re-use in the new facility. These included light fittings, timber from the stage area and glass from the balcony areas. These materials will be reused in the new centre or repurposed to create items such as tables, counters and tiling.

Current Position
With the significant changes in energy costs, the design of the new facility has been developed to ensure that it maximises the potential for energy efficiency and enables the operator to maximise spatial usage from a sustainability and commercial perspective. It is important to note, that whilst the challenges of making swimming pools energy efficient are considerable, the final design will also fully reflect the public consultation responses that highlighted the priority for a modern, fun, family leisure pool.

The detailed design of the scheme is currently at RIBA Stage 4 and planning permission is in place. A tender for the main construction phase is planned to be issued in February 2024. Tender prices would be confirmed in May 2024 and it is anticipated that construction works would commence in June 2024. The construction phase is expected to be approximately 18 months. Further enabling works are planned to commence on the site in February 2024 in order to prepare the site for the main construction phase.

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?
Not enough demand in the future for the facilities provided in the build	H	L	The facilities are being designed to be flexible enough to meet any changing future demand. The project team have been consulting with the leisure operator whom has the relevant expertise to operate the facility and ensure that future trends are identified and needs met.	Head of Regeneration & Economic Development
Reputational risk	L	L	The proposed facility has been developed following feedback from the public consultation and is considered to reflect the priorities of residents. The Newport Centre has been demolished and it is important that a modern and energy efficient leisure facility is provided in the city centre to ensure that residents have access to modern and accessible facilities.	Head of Regeneration & Economic Development
Delays in starting the build and any other ongoing delays due to external factors which result in escalating costs	H	M	A start on site in February 2024 for the main enabling works is proposed and the project team are confident that the tender exercise for the main construction works can be completed in May 2024. Minimising delays between receiving tender prices and awarding the contract will mitigate the risk of escalating costs.	Head of Regeneration & Economic Development

Links to Council Policies and Priorities
This development would be in keeping with the adopted Local Development Plan, Economic Growth Strategy, City Centre Master Plan and the Corporate Plan 2022-2027 'An Ambitious, Fairer, Greener Newport for everyone'.

Council Commitments / Priorities

This proposal supports the primary objective of the Corporate Plan 2022 -2027 to work to deliver an 'Ambitious, Fairer, Greener Newport for everyone.'

To achieve this goal, Newport City Council has four well-being objectives that are the focus until 2027 and create the foundations for our longer-term vision for Newport over the next 20 years:

1. Economy, education and skills. Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all.
The proposed new facility will increase footfall within the city centre and support local businesses. The release of the Newport Centre site to Coleg Gwent will facilitate the development of a new City centre Campus in a more accessible location, close to public transport links.

2. Environment and infrastructure. A city that seeks to protect and enhance our environment whilst reducing our carbon footprint and preparing for a sustainable and digital future.
The new facility is designed to be carbon net zero in operation and reflects circular economy principles.

3. Quality social care and community services. Newport is a supportive city where communities and care are at the heart of what we do.
Providing a modern and accessible community facility reflects the priorities of our residents, as evidenced through the public consultation exercise.

4. An inclusive, fair and sustainable council. Newport City Council is an inclusive organisation that places social value, fairness and sustainability at its core.
The tendering exercise for the construction contractor will reflect social value commitments and the adopted TOMs framework.

Options Available and considered:-

This report is for information purposes only.

Preferred Option and Why

Not applicable.

Comments of Chief Financial Officer
This report updates Cabinet on the proposed new development of a city centre leisure and well-being centre. This project is already included in the Council's capital programme and is funded by a mixture of Council borrowing and WG grant. Final certainty on costs will be confirmed when tender processes have been completed.

Comments of Monitoring Officer
This report is for information only and there are therefore no legal implications arising at this time. Further advice will be provided as necessary as the project progresses.

Comments of Head of People, Policy and Transformation
The ongoing development of the leisure and wellbeing facility supports the sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act and follows public consultation and ongoing engagement with stakeholders. There are no HR implications associated with this update report.

Scrutiny Committees

None

Fairness and Equality Impact Assessment:

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

A statement on potential equality impact and considerations was completed when the proposed development was first presented to Cabinet and the delivery of the new facility approved. The council has a number of legislative responsibilities to assess the impact of any strategic decision, proposal or policy on people that may experience disadvantage or inequality.

- Public consultation has taken place and the design of the proposed facilities reflects the views and priorities of respondents.
- There will be a positive impact in respect of both age and disability in particular as the new facility is being designed to be accessible to all.
- The new leisure and well-being facility is expected to have a catalytic effect, facilitating the development of a new city centre college campus and increasing footfall and visitor numbers to the city centre. The combined development will give the community and groups access to health and leisure services as well as new and modern further education facilities, giving learners the right skills and qualifications to enable them to prosper.

The proposal supports the sustainable development principle and 5 ways of working set out in the Wellbeing of Future Generations Act (2015). Public bodies should ensure that decisions take into account the impact they could have on people living in Wales, in the future. The Council has always sought to engage with residents before taking any decision which may impact upon the delivery of any public service, in accordance with the principles of fairness and legitimate expectation.

The 5 main considerations in respect of the Wellbeing of Future Generations (Wales) Act 2015 are set out below with an explanation of how this project meets these objectives:

- Long term: An investment in modern leisure and wellbeing facilities and the Knowledge Quarter will contribute to the ongoing regeneration of the city centre, the promotion of the health and wellbeing agenda, and the provision of environmentally sustainable and accessible facilities which are well integrated with public transport provision.
- Prevention: The Newport Centre was declared commercially unviable and the facilities were at the end of their life. The new facility will be built to carbon net zero in operation standards, with sustainability and future proofing at its core. Together with the new Coleg Gwent building,and the connection to active travel networks, this will create a high quality and sustainable place, right at the heart of the city centre which will contribute to the ongoing wellbeing of residents.
- Integration: The redevelopment plans are intended to secure integrated wellbeing gains, particularly through the selection of a city centre location and the potential to include a new college campus. This aligns with the ambitions set out in the Corporate Plan and city centre Master Plan.
- Collaboration: Working alongside partners including Coleg Gwent and Newport Live will help ensure that wellbeing gains are achieved through the redevelopment proposals.
- Involvement: Engagement and consultation with stakeholders has informed the development proposal and ensured that wellbeing gains are maximised.

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. It is considered that there would be no significant or unacceptable increase in crime and disorder as a result of the development of a new leisure and well-being facility.

Consultation
Referred to within the report.

Background Papers
Referred to within the report.

Dated: 08 November 2023

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Report

Cabinet

Part 1

Date: 15 November 2023

Subject   **Annual Digital Report 2022-23**

Purpose   To provide an assessment of the Council's digital programme, especially its progress to date on the newly developed Digital Strategy 2022-27

Author   Digital Services Manager
               Head of People, Policy and Transformation

Ward   General

Summary   Technology plays a critically important role in effective and efficient service delivery for organisations. Newport City Council relies hugely on its IT systems for effective day to day operation. Effective service delivery during and after the pandemic, with greatly increased home working, has demonstrated the robustness of IT systems. However, the organisation needs to improve its use of technology further. The development of the Council's Digital Strategy 2022-27 is an important step for the Council that is detailed further within this report. The strategy has four themes: Digital Transformation, Digital Skills and Inclusion, Data and Collaboration and Digital Infrastructure and Connectivity. These themes have been developed to align with the Council's Corporate Plan.

The purpose of this report is to provide an assessment of the digital programme for the Council, especially its progress to date on the newly developed Digital Strategy 2022-27 and identify where action is required to identify weaknesses and deliver improvements. This is the fourth Annual Digital Report complementing the Annual Information Risk Report which is now in its eleventh year. As detailed above, it is now the primary means of reporting on the Digital Strategy 2022-27 and is the first report to do this and introduce its themes.

Proposal   **To endorse the Annual Digital Report 2022-23 and proposed actions.**

Action by Digital Services Manager
               Digital Projects Managers
               Head of People, Policy and Transformation

Timetable As reported

This report was prepared after consultation with:
- Head of Law and Standards – Monitoring Officer, and Senior Information Risk Owner (SIRO)
- Head of Finance – Chief Financial Officer
- Head of People, Policy and Transformation
- Digital Board officer group

Signed

Background

The purpose of this report is to provide an assessment of the digital programme for the Council, especially its progress to date on the newly developed Digital Strategy 2022-27 and identify where action is required to identify weaknesses and deliver improvements. This is the fourth Annual Digital Report complementing the Annual Information Risk Report which is now in its eleventh year. It is now the primary means of reporting on the Digital Strategy 2022-27 and is the first report to do this and introduce its themes.

The benefits of the report are as follows:

- To provide an overview of the Council's IT and digital services
- To highlight the importance of digital services to the organisation especially given the impact of the pandemic, the opportunities they provide and the risks of under-investment
- To compare performance with previous years with the aim of continuous improvement
- To report progress on the Digital Strategy by theme and do so annually in this report
- To identify opportunities, address weaknesses and develop an action plan

The strategy is a key component of the delivery of the Council's Corporate Plan's aspirations for digital infrastructure, skills and services and will be an important underpin for data-driven transformation of services.

Report

This is attached as appendix to this Report and includes an Executive Summary of key highlights.   The report covers:

Digital Strategy
- The development of the Digital Strategy 2022-27 represents an important step for the Council, supporting the Corporate Plan
- The strategy is guided by important principles:-
    o Innovation
    o Data driven
    o User centred
    o Inclusive
    o Collaborative
    o Secure
    o Green
- The strategy has **four themes**:-
- **Digital Transformation** - we will transform services by the innovative use of digital technology that is effective, easy to use and designed around user needs
- **Digital Skills and Inclusion** - we will develop the digital skills of our citizens, employees and members plus support improved access to digital technology
- **Data and Collaboration** - we will improve service delivery by better use of data and increased collaboration built on secure systems and processes
- **Digital Infrastructure and Connectivity** - we will drive excellent digital infrastructure and connectivity for the city and for the Council

Organisation and Governance
- The report highlights the importance of the Shared Resource Service (SRS), the Council's Digital team and Service Areas in improving IT provision and the impact on service delivery

IT Service (Shared Resource Service - SRS) Performance
- The SRS exceeded its targets for three of the four performance targets for Newport
- Performance has been above its target consistently in terms of calls resolved against SLA during the last four financial years.

Digital Strategy Progress

Digital Transformation
- The web site redevelopment project has gained momentum with an implementation partner procured to implement Local Government Drupal
- The finance system replacement project is due to go live in the third quarter of 23/24
- A Council "Smart Home" pilot has been launched, led by adult services to promote the use and availability of assistive technologies for independent living

Digital Skills and Inclusion
- Several cohorts of the Council 'Get Connected' free digital skills course were run and the Council needs to consider a sustainable delivery model
- The Council's Adult Community Learning team delivered a range of fully accredited ICT and Digital Skills courses and from Sept 2023 digital skills courses and Computers Don't Bite will be free
- All Newport City Council libraries provide free public access to internet enabled PCs, the Council provides a free public Wi-Fi service in over 50 public buildings and on Newport buses, in partnership with Newport Transport

Data and Collaboration
- Audit Wales acknowledged that overall considerable progress had been achieved by the Council with the need to ensure that the Council continues to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services
- Newport's Intelligence Hub have continued to provide support to regional collaboration including the Public Service Board and other partnerships
- Full details of the information risk management arrangements are reported in the Annual Information Risk Report, Information and Cyber Security are also reported in the Corporate Risk register currently

Digital Infrastructure and Connectivity
- Newport City Council was successful with a bid to Welsh Government's Local Broadband Fund (LBF) to improve full fibre connectivity and provide in-building assistive technology and telecare services to three Council managed adult residential care homes. The project is progressing well
- The Council recognises the importance of the digital infrastructure of the city and welcomes developments to improve the city's digital infrastructure
- A major project led by the SRS to move all SRS partners to a new data centre is now complete

Financial Summary
There is no specific cost associated with the report. The Funding section of the report identifies the funding of IT/digital costs highlighting additional investment and savings realised.

Risks
The Council, like other organisations, has an increased reliance on IT systems for effective and efficient service delivery and this has been highlighted further by the impact of the pandemic. It is crucial that the Council delivers in its delivery of IT service. Further details of risks are provided in the report and those identified below represent some high level risks.

Information risks are separately considered in the Annual Information Risk Report 22-23.

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?
Digital Strategy is not up to	M	L	Digital Strategy 2022-27 developed and will be kept under constant review in terms of	Digital Services Manager (DSM) and Digital Projects

date/relevant to reflect the needs of services and customers			outcomes and actions. Progress will be reported to Digital Board that provides the governance to support the Review and update Digital Strategy with stakeholders	Managers with internal and external stakeholders in partnership with SRS
Funding of service is not sufficient to meet the organisation's demands and aspirations, especially given more flexible working	M	L	Additional funding now allocated to areas of need. Innovation and development fund enables new technologies to be tested	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with Head of PPT / SRS management
Delivery of IT Service by Shared Resource Service (SRS) provides less control	M	M	Develop relationship with the SRS further and contribute to its strategic direction and governance. Develop client side role to provide strategic input and performance monitoring. Continue to contribute to the delivery of projects, core planned and reactive work	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with Head of PPT/ SRS management
Critical IT systems are not available to services	H	L	Data centre migration completed. Move of systems to the cloud will provide improved availability and resilience. Review business continuity business impact assessments	Digital Services Manager and Digital Projects Managers in conjunction with SRS and services
Appropriate devices and operating systems are not available	M	L	Laptops remain the standard and Digital will consider future needs. Windows 10 updates to take place for devices	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with SRS

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

The new Digital Strategy 2022-27 sets the overall direction for IT and digital solutions and links to the Council's new Corporate Plan. The actions outlined in this report form part of the People, Policy and Transformation service plan for 23/24 and the strategic management is provided by the officer Digital Board.

The People Plan being developed this year will also consider digital skills for our employees.

Options Available and considered

1. **Do nothing**
2. **Note the annual digital report and endorse its findings.**

Preferred Option and Why

The preferred option is option 2 – note the Annual Digital Report 2022/23 and endorse its findings. This will provide an understanding of the current position in the delivery of the Council's Digital Strategy and give an opportunity to monitor progress on outcomes and actions identified.

Comments of Chief Financial Officer

As a position statement, the report is not asking members to approve any financial implications. The action plan is fully funded from existing budgets which have received investment of more than £1.1m since 19/20 as part of the Corporate Plan to support Digital Aspirations. Collaborative working under the SRS arrangement also leads to efficiencies which further support this plan.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. Any identified risks or issues arising from the delivery of the digital services will be picked up as part of the Information Risk management arrangements and the Council's corporate risk management framework.

Comments of Head of People, Policy and Transformation

The Council's performance depends on its effective use of digital technologies, and this is recognised in the Corporate Plan – (Wellbeing objective 2 states the Council will "Collaborate and support investment into a digital infrastructure which will provide equitable access for residents and businesses across Newport"). This report summarises key achievements and areas for improvement and also outlines how Digital Strategy work takes account of the sustainable development principle under the Well-being of Future Generations Act. Improving our digital infrastructure within the Council and the city will contribute towards the Well-being Goals for Wales, most notably a Prosperous Wales and a Globally Responsible Wales.

There are no negative Human Resources issues relating directly to the proposals. The development of the Council's People Plan later this year will support the delivery of the Digital Strategy, particularly in theme two around skills and inclusion. The focus on digitally enabling our workforce will continue to support our workforce capacity and capabilities and organisational development principles.

Local issues

No specific local issues.

Scrutiny Committees

This report was presented to the Council's Scrutiny Management Committee on 8th September 2023. Scrutiny comments are as below and will be considered in this year's developments.

- The Committee thanked Officers for the report and commended the reporting style and version control
- The Committee highlighted the importance of considering inclusion and accessibility requirements when developing the website
- The Committee highlighted accessibility as an important factor to be considered when developing training
- The Committee welcomed the Officer's suggestion to provide examples of websites that show the good practice the project is aspiring to deliver (*since provided*)
- The Committee asked for resources regarding digital inclusion and skills so that they could signpost residents to them where appropriate (*since provided*)
- The Committee recommended that a section highlighting the progress made on the website redesign, and containing meaningful metrics and information, is included in the next Annual Digital

Report. The Committee also requested an update on the progress of the website redesign in six month's time

Scrutiny comments are considered in the report and for future planning.

The SRS partnership also reports to Scrutiny annually, this took place this quarter at Partnerships Scrutiny Committee.

Equalities Impact Assessment and the Equalities Act 2010
Equalities is considered in service delivery and was an important consideration in the development of the Council's Digital Strategy 2022-27 and its projects as demonstrated in the associated Fairness and Equality Impact Assessment.

Wellbeing of Future Generations (Wales) Act 2015
This report and its associated action plan incorporates the five ways of working as below:-
- Long term – initiatives in IT/digital need to consider the long term and follow a plan as demonstrated in the existing Digital Strategy and the development of a new Digital Strategy detailed in this report. The strategic move to the cloud is one example of this long term vision as is the need to address digital contribution to climate change plans. Digital has an important role in its contribution to the Council's Climate Change Plan 2022-2027
- Prevention – preventative measures are key to ensure the effectiveness of the service by ensuring the infrastructure and systems are fit for purpose and appropriately supported and protected. The proactive migration of systems to the cloud is designed to prevent system availability problems. Much of the work in the Data and Collaboration theme is to prevent cyber attacks and other information risks, IT systems can provide data to inform better decision making and preventative measures. Initiatives on climate change are also designed to prevent impacts
- Integration – IT needs to be designed as part of business processes rather than an add-on at the end. The Digital team plays an important role integrating IT into business processes in conjunction with SRS and services
- Collaboration – IT delivery relies on the collaboration between the Council's IT service delivery partner, the Shared Resource Service (SRS) the Digital team and all Council services as well as with suppliers
- Involvement – the Council has contact with internal services, members of the public and businesses in relation to IT delivery. The development of the Digital Strategy 2022-27 included wide engagement with internal and external stakeholders. More generally, the Council has IT systems to engage with the public including via its web site and bus Wi-Fi

Consultation
Comments from members of the Council's Digital Board have been included within the text of the report in line with their role as key strategic stakeholders.

Background Papers
Digital Strategy 2022-27
Annual Information Risk Report 2022/23

Dated: 9 November 2023

Annual Digital Report 2022/23

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Executive Summary

Digital Strategy
- **The development of the Digital Strategy 2022-27 represents an important step for the Council**, supporting the Corporate Plan
- The strategy is based on important principles and has **four themes**:-
  - **Digital Transformation** - we will transform services by the innovative use of digital technology that is effective, easy to use and designed around user needs
  - **Digital Skills and Inclusion** - we will develop the digital skills of our citizens, employees and members plus support improved access to digital technology
  - **Data and Collaboration** - we will improve service delivery by better use of data and increased collaboration built on secure systems and processes
  - **Digital Infrastructure and Connectivity** - we will drive excellent digital infrastructure and connectivity for the city and for the Council
- Various activities have already commenced that contribute to the delivery of outcomes identified in the Digital Strategy 2022-27. This is the first report to include progress on activities and outcomes associated with the strategy and the format of the report has been revised accordingly

Organisation and Governance
- **The report highlights the importance of the Shared Resource Service (SRS), the Council's Digital team and Service Areas in improving IT provision and the impact on service delivery**
- The governance for the Shared Resource Service is included as Appendix 1
  - Groups are in place to support schools in strategic developments and deliver the "EdTech" project funded by Welsh Government

IT Service (Shared Resource Service - SRS) Performance
- **The SRS exceeded its targets for three of the four performance targets for Newport**
- Performance has been above its target consistently in terms of calls resolved against SLA during the last four financial years. The performance for customer satisfaction and calls resolved at first point of target also exceeded their targets. The time to answer calls did not meet its target but it has improved considerably from previous years

Funding
- Spend on IT/digital is incurred in various areas - majority of this is with the Shared Resource Service (SRS) although the Council has a number of retained budgets
- Additional funding was provided for three years which made a positive impact. Working with SRS, the Council has identified significant savings in 23/24 in light of budget challenges
- Schools fund their own IT provision from their own budgets, supplemented by Welsh Government "EdTech" funding

Digital Strategy Progress
   Digital Transformation
- **The web site redevelopment project has gained momentum with an implementation partner procured to implement Local Government Drupal**
- The finance system replacement project is due to go live in the third quarter of 23/24
- The Council migrated to the Microsoft Always On VPN (Virtual Private Network) solution
- The Council agreed to roll out the Microsoft Teams Phone solution in 23/24
- Technology has provided a key part in continued effective service delivery including Microsoft Teams meetings and hybrid Council meetings facilitated by new audio-visual equipment in the Council Chamber and meeting rooms. A room/desk booking system was developed and implemented in partnership with the SRS
- A Council "Smart Home" pilot has been launched, led by adult services to promote the use and availability of assistive technologies for independent living
- Robotic Process Automation (RPA) technology is designed to automate repetitive tasks to reduce data entry and streamline routine tasks such as migration of e-mails and for "Cost of Living" payment processes.

Digital Skills and Inclusion
- Several cohorts of the Council 'Get Connected' free digital skills course were run and the Council needs to consider a sustainable delivery model
- The Council's Adult Community Learning team delivered a range of fully accredited ICT and Digital Skills courses and from Sept 2023 digital skills courses and Computers Don't Bite will be free
- Community Connectors, Libraries and community hub teams signpost the availability of digital skills sessions and can assist with basic digital queries
- All Newport City Council libraries provide free public access to internet enabled PCs
- The Council provides a free public Wi-Fi service in over 50 public buildings in the city. This service is being reviewed to remove duplication whilst continuing to provide an important service
- The City Centre Wi-Fi is provided as a concession and this serves the area around the city centre
- Free Wi-Fi on Newport buses is provided in partnership with Newport Transport. This service has always been well used and the Council uses it as a way to engage with the public with short online surveys

Data and Collaboration
- Audit Wales acknowledged that overall considerable progress had been achieved by the Council with the need to ensure that the Council continues to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services
- Newport's Intelligence Hub have continued to provide support to regional collaboration including the Public Service Board and other partnerships
- Full details of the information risk management arrangements are reported in the [Annual Information Risk Report](#), Information and Cyber Security are also reported in the Corporate Risk register currently
- **PSN accreditation was challenging but was achieved in June 2023**
- **Newport City Council satisfied the requirements of the Payment Card Industry (PCI) Data Security Standards in July 2022 with the assistance of SRS**
- During 22/23 Audit Wales carried out reviews of cyber security arrangements of the Council, evidence based decision making and on the digital strategy development
- The Council continues to provide training to staff using Microsoft Teams to provide the most interaction possible and improved learning
- There was good attendance during the year for both corporate and Social Services. E-learning is also required for new starters
- **The information management team provided two training sessions for Councillors in June 2023.** 32 out of 51 members attended the courses which will be repeated this year
- The implementation of a Security Information and Event Management (SIEM) system and Security Operations Centre (SOC) with SRS was implemented to monitor potential cyber attacks and provide improved preventative measures
- Freedom of Information performance for 2022/23 was 91.0% of requests responded to within 20 working days, above the target of 88%
- The Council narrowly missed its performance target for dealing with Subject Access Requests. 70.9% of requests were responded to within the deadline, against a target of 75%

Digital Infrastructure and Connectivity
- **Newport City Council was successful with a bid to Welsh Government's Local Broadband Fund (LBF)** to improve full fibre connectivity and provide in-building assistive technology and telecare services to three Council managed adult residential care homes
- The project is progressing well with delivery during 23/24
- The Council recognises the importance of the digital infrastructure of the city and welcomes developments to improve the city's digital infrastructure. As well as larger communications providers, two smaller suppliers have plans to roll out "full fibre" connectivity in parts or of across Newport. Full fibre or fibre to the premises broadband offers the highest theoretical speeds possible
- 5G networks are starting to be rolled out by mobile operators across the UK. 5G is available outdoors from 3 different network operators in Newport. However, the coverage is less than for 4G services

- **A major project led by the SRS to move all SRS partners to a new data centre was completed in April 2023.** This is a major milestone for the SRS partnership with all partners now sharing infrastructure in the Vantage Data Centre
  - This will provide better resilience, availability and reductions in costs.
  - This has already resulted in energy consumption and associated costs
- **In addition to the data centre move during 22/23 three major IT systems were migrated to the cloud** with two more in progress
- The Community Safety Network used for CCTV needs to be reviewed and a solution identified
- The Council continues to pilot an Internet of Things (IoT) network that includes trialling sensors connected to the network for various purposes.

1. Background and Purpose

Technology plays a critically important role in effective and efficient service delivery for organisations. Newport City Council relies hugely on its IT systems for effective day to day operation. Effective service delivery during and after the pandemic, with greatly increased home working, has demonstrated the robustness of IT systems. However, the organisation needs to improve its use of technology further. The provision of digital infrastructure for the city is another important aspect of the use of technology in the day to day lives of citizens and businesses. The development of the Council's Digital Strategy 2022-27 is an important step that is detailed further within this report.

The actions outlined in this report form part of the People, Policy and Transformation service plan.

1.1.   Purpose of the Report and Benefits

The purpose of this report is to provide an assessment of the digital programme for the Council, especially its progress to date on the newly developed Digital Strategy 2022-27 and identify where action is required to identify weaknesses and deliver improvements. This is the fourth Annual Digital Report designed to complement the Annual Information Risk Report which is now in its eleventh year. It is now the primary means of reporting on the Digital Strategy 2022-27 and is the first report to do this and introduce its themes.

The benefits of the report are as follows:

- To provide an overview of the Council's IT and digital services
- To highlight the importance of digital services to the organisation especially given the impact of the pandemic, the opportunities they provide and the risks of under-investment
- To compare performance with previous years with the aim of continuous improvement
- To report progress on the Digital Strategy by theme and do so annually in this report
- To identify opportunities, address weaknesses and develop an action plan

2. Current Position

This part of the report identifies the Council's current position in relation to digital services.

2.1.   Digital Strategy

As detailed in last year's report, work has been undertaken to replace the previous Digital Strategy. Following extensive public and staff consultation a Digital Strategy 2022 - 27 was developed and this was approved by Cabinet in April 2023. The new digital strategy defines the digital aspirations for the city over the next five years. An extract of the Digital Strategy is included in Appendix 3

The strategy is guided by important principles:-
- Innovation
- Data driven
- User centred
- Inclusive
- Collaborative
- Secure
- Green

The strategy is based on four key themes:-
1. Digital Transformation
2. Digital Skills and Inclusion
3. Data and Collaboration
4. Digital Infrastructure and Connectivity

It will support and improve the wellbeing of residents and employees, as well as enabling businesses to thrive in the city. The strategy sets out how the Council will use technology to transform the delivery of its services. This represents an ambitious digital vision that embraces innovation delivered in partnership with the Shared Resource Service and other key partners.

Various activities have already commenced that contribute to the delivery of outcomes identified in the Digital Strategy 2022 - 27. This is the first annual Digital Report that will report on activities and outcomes associated with the strategy and the format of the report has been revised to reflect this.

2.2. Organisation and Governance

There have been no major changes to the organisation and governance arrangements for the Council and the Shared Resource Service (SRS) partnership. Some information is provided below with more detail included in Appendix 1 for reference.

IT Service – Shared Resource Service (SRS)

The IT Service became a partner in the Shared Resource Service (SRS) on 1/4/2017 so Newport City Council has been a partner for six years. The SRS is also made up of Torfaen County Borough Council, Monmouthshire County Council, Blaenau Gwent County Borough Council and Gwent Police. There is SRS representation on the various Council groups including the Digital Board, Information Governance Group and project boards. The Digital team provides the link between the Council and the SRS. This important relationship continues to develop and further improvements have been made during the last year. As a result of a large amount of collective effort, the partnership is developing positively. As detailed later, this includes a data centre move and a number of collaborative initiatives.

Digital Services

The Digital team sits in the People, Policy and Transformation service area and is complemented by the existing Information Management team and Complaints team to form Digital Services.

The Digital team plays a key role for the Council. It provides the link between the Council and the SRS for IT work and always aims to add value in the process. It maintains an important relationship with the SRS and undertakes a client management role on behalf of the Council including performance management with the SRS. It has a strategic role for the Council as demonstrated in its lead on the new Digital Strategy 2022-27 . It has an important part to play in the Digital Board and contributed to various project boards. The team also manage a number of "retained" IT budgets including contracts for most large IT applications (financials, HR etc.), a PC replacement budget for the Council and a capital programme for major infrastructure updates. The team manages a newly created cloud budget and has led on the migration of systems to the cloud as detailed elsewhere in this report. This provides improved service delivery and a better funding model.

The Digital team also has a more operational/tactical role. This role is around:-
- reactive incidents
- core planned work to maintain the existing IT infrastructure
- projects
- compliance including Public Services Network (PSN)

In all these areas the Digital team manages the escalation and prioritisation with the SRS as necessary, working with services on behalf of the Council. It also provides general advice and guidance to the Council and plays a key communications role. This role is an important one for the Council and the relationship with the SRS which continues to improve.

Service Areas

Service Areas use a number of IT systems to operate their services. Services are responsible for the information stored in their respective systems and to maximise the benefits of technology in conjunction with Digital and the SRS. The Digital team has worked with Service Areas in a more proactive migration of IT systems to the cloud. The development of the Digital Strategy 2022-27 has included a large amount of engagement with internal stakeholders to incorporate their priorities in the strategy and future plans.

Groups

Digital Board

This officer board provides and supports the strategic direction for the Council on digital matters. The role of the board has been reviewed, its terms of reference updated and membership revised. The role of the board is primarily now to oversee the implementation of the Digital Strategy 2022 - 27. When necessary the role of the board is to prioritise large scale projects. The Board is chaired by Head of People, Policy and Transformation and comprises representatives from areas across the organisation and SRS.

"New Normal"

The "New Normal" Board was set up to develop plans for the longer term strategy of the Council as a result of the pandemic. This was with a view to recognising benefits identified during the pandemic and incorporating this into future plans for service delivery going forward. The planned outcomes of this work have now been completed and reported to Cabinet. This Board has now ended.

Digital Champions

The Council has approximately 30 "Digital Champions" who are advocates for the use of digital technology. They provide a key contact point for services using digital technology. They were a key part of the testing for internet filtering migration, web browser compatibility, Bring Your Own Device (BYOD) for mobile devices, desk booking application testing etc. The intention is to enhance the role of Council digital champions to improve support for employees.

Schools

Schools fund their own IT provision and the majority use the in house schools service provided by the Shared Resource Service (SRS) although a number have provision from other service providers. A strategic group called the Schools IT Strategic Group with representation from schools, the Education service, Shared Resource Service and Digital meets regularly. The group has the following roles:-

- ensure that the ICT Strategic Group is kept informed of digital developments in education, identifying new opportunities and trends
- identify and support opportunities to innovate and share best practice, particularly in the use of Hwb and assist with the provision of professional learning opportunities and development of case studies
- support the ICT Strategic Group in researching what digital technology could help and enhance provision in schools
- provide professional advice from a teaching and learning perspective on the suitability and use of digital devices in schools

This strategic group focuses on the development of the IT provision in schools and recognises the importance of this to effective teaching and learning. Welsh Government provided additional funding designed to improve the infrastructure of schools under the "EdTech" programme. This and other initiatives have been progressed with the Education service, Shared Resource Service and Digital.

2.3.   IT Service (SRS) Performance

Performance Information

The Shared Resource Service has a number of common performance measures across all their respective partners. As such all partners have common targets and are measured on the same basis.

SRS performance is reported annually to Performance Scrutiny Committee – Partnerships. The last report was presented on 4th October 2023.

Performance Measures

The SRS has a number of common Performance Indicators (PI's) agreed and monitored across all partners as part of the Service Level Agreement.

Percentage of Calls Resolved Against Service Level Agreement (SLA)
Performance for the last 4 years is detailed below.

Year	Percentage of Calls Resolved Against Service Level Agreement (SLA)	Target
2022/2023	96.1%	85%
2021/2022	94.9%	85%
2020/2021	91.8%	85%
2019/2020	93.0%	85%

The performance for the year 22/23 is 96.1%. This represents excellent performance for reactive calls for 22/23, over 10% above the target of 85%. This represents the best performance against SLA of any year. Performance has been consistently above target in each of the 4 years. This demonstrates that reactive calls are being responded to well and generally resolved within target. Performance is consistently very good throughout the year, exceeding the target in every month with monthly variations ranging from 95% to 98%.

Customer Satisfaction
Performance for the last 4 years is detailed below.

Year	Customer Satisfaction	Target
2022/2023	91.2%	70%
2021/2022	78.0%	70%
2020/2021	64.7%	70%
2019/2020	76.0%	70%

The customer satisfaction performance for the year 22/23 is 91.2%. This represents performance well over the target of 70%. This is based on 793 completed surveys which is above the 680 surveys completed in 21/22. Performance by month ranges from 70% to 98% during the year that represents quite a variation.

Calls Resolved at First Point of Contact
Performance for the last 4 years is detailed below.

Year	Calls Resolved at First Point of Contact	Target
2022/2023	89.2%	70%
2021/2022	78.8%	70%
2020/2021	58.8%	70%
2019/2020	60.5%	70%

The calls resolved at first point of contact performance for the year 22/23 is 89.2%. This performance is considerably above the target of 70%. This equates to 11,003 calls out of 12.335 that were resolved at first point of contact. Resolving calls at first point of contact solves calls quickly without the need to refer to other IT staff and is beneficial to customers and the IT Service alike. Performance by month ranges from 86% to 92% which is very good and consistent.

Average Call Response time
Performance for the last 4 years is detailed below.

Year	Average Call Response time	Target
2022/2023	2 minutes 14 seconds	90 seconds
2021/2022	Unavailable but missed target	90 seconds
2020/2021	5 minutes 27 seconds	90 seconds
2019/2020	5 minutes 31 seconds	90 seconds

The average call response time performance for the year 22/23 is 2 minutes 14 seconds. This remains worse than the target but is considerably better than in previous years and represents a positive improvement.

Of the four performance measures, SRS has exceeded the target for three performance measures and missed the target for one performance measure (average call response time). In terms of these four measures this is the same as last year but performance in all those measures is better than 21/22. In addition, this represents improvement from 20/21 and 19/20 when three measures were below target and one exceeded the target.

Projects

Most of the more significant work detailed in the Digital Strategy Progress section below are categorised as projects which include SRS as a key delivery partner. SRS works with the Digital team to schedule and prioritise project and other types of work. Whilst the key performance indicators for SRS are detailed in the Performance Information above, the successful delivery of projects is a very important part of the service provided as a whole.

Core Planned

As well as larger time-limited projects, there are required pieces of work to provide additional system features, required updates for security purposes or work as a result of organisational changes. This work is categorised as core planned work. Some of this work can be quite small but it can also be more significant despite not being as large as a project. Some of the more important core planned work for 22/23 is detailed below:-
- Electronic Document Management System (EDMS) upgrades
- Hybrid mail system upgrade
- Office relocations
- Tree database system implementation
- Windmill Farm Childrens Residential Home internet access
- Schools Corporate email to HWB mail migration
- Telephony work for schools
- Upgrade of Windows 10 versions
- NCC Website accessibility updates
- Welsh Government childcare offer
- Non-SLA schools corporate access

Most of this work requires some element of downtime that is identified by SRS, the system provider and Digital Services. Downtime is agreed and scheduled to minimise impact but in a timely manner.

Reactive

IT systems don't always work as they should and therefore the IT service needs to respond to incidents reactively. These incidents are logged on a service desk system by the SRS service desk or self-service by users. Incidents are primarily managed by the SRS but the Digital team get involved to escalate and assist with higher priority incidents by exception. Details of the performance in relation to reactive incidents are included in the wider performance information section above.

During 22/23 SRS migrated to a new Service Desk system and this is expected to bring various benefits to the SRS and users. Now this is live, self-service logging of incidents will be promoted as this is often most effective for SRS and users.

Occasionally major incidents occur that may result in some system down time. These incidents are managed by SRS with support from Digital Services. On these occasions SRS and Digital Services will identify lessons learned and implement any improvements as a result.

2.4. Funding

As detailed in the organisation section above, spend on IT/digital is incurred in various areas. Most of the funding is provided to the Shared Resource Service (SRS) that employs IT staff and pays for a number of contracts on behalf of the Council. The Council has a number of budgets that remain with the Council including for major systems "retained contracts", capital programme and equipment spend. The Council continues to look to rationalise systems wherever possible. As mentioned above, schools fund their own IT provision from their own budgets. This has been supplemented by Welsh Government "EdTech" funding highlighted elsewhere in this report.

Additional funding over the years 2019-2022 has made a positive difference. Various improvements have been made including the PC replacement budget, cloud funding, cyber security improvements, innovation and development fund, Robotic Process Automation (RPA) system and digital team resources.

Working with SRS, the Council has identified collective savings of approximately £560,000 p.a. in 23/24. This was possible due to large contract savings as a result of the SRS data centre move, Digital contracts review and service re-design.

3. Digital Strategy Progress

3.1. Digital Transformation

Financial System Replacement

Following procurement, the implementation of an improved, cloud based financial system for the Council progressed well during 22/23. This is expected to improve facilities and streamline financial process. This is a large implementation project that is currently planned to go live in quarter 3 of 23/24.

Web Site

The Council's primary web site, www.newport.gov.uk, was identified as needing significant work in terms of the look and feel plus a review of the amount of content. This was identified as an area for improvement in the development of the digital strategy. This project was subject to delays through technology, business need and skill changes and restarted in quarter one of 23/24. It was identified that the current technical solution could be improved upon and that a new solution could provide a more sustainable delivery model. Following analysis of options, it was agreed to implement the [Local Government Drupal solution](#) used by 37 Councils at time of writing this report. According to its web site, *'LocalGov Drupal is a publicly owned asset that delivers a better digital experience for citizens.'* It was agreed that the Council and SRS would procure an implementation partner to deliver the new web site during 23/24. Procurement took place and an agreed partner was approved in July 2023 with delivery by the first quarter of 24/25.

Microsoft 365

Following a successful pilot, the Always On VPN (Virtual Private Network) solution was implemented and completed in April 2022. This provides a secure, remote access solution for people working remotely. This was a successful roll out and has been positively received. The solution also facilitate various security improvements includes updates to Windows to keep them up to date. The use of personal mobile phones, known as bring Your Own Device (BYOD, for secure access to e-mail and Microsoft Teams has been successfully tested and implemented.

Microsoft Teams Phone

The need for a new telephony solution was identified to support more home and flexible working as the current solution relies on a telephone handset or redirection to a work or personal mobile phone or landline. The solution enables users to make and receive calls on a work issued device (laptop primarily but also mobile devices) without any physical telephone handset or diversion to a work or personal mobile/landline. This feature is not available in the current system and integrates with the Microsoft Teams application. Following a successful pilot and the development of a business case, the Council agreed to roll out the Microsoft Teams Phone solution. This solution will be rolled out during 23/24 and is anticipated to make savings for the Council.

New Normal

The Council's New Normal Programme Board worked on the Council's response to the pandemic and future operations. Technology has provided a key part in continued effective service delivery including Microsoft Teams meetings and hybrid Council meetings facilitated by new audio-visual equipment in the Council Chamber and meeting rooms. SRS completed development of a room/desk booking system and this was implemented. As detailed above, the board led on the development of a new telephony system. Equipment needs for the Civic Centre have been identified in line with the future use of the building.

Committee Room and Meeting Room Audio-Visual Equipment

Interactive screens previously installed in Committee Rooms and meeting rooms have worked well since installation that enables Microsoft Teams meetings for those in the building as well as enabling people to join remotely. Screens have camera, speaker and microphones to facilitate hybrid meetings.

The Council Chamber has enhanced facilities that were implemented as part of a successful Digital Democracy fund bid. There are plans to review the video and audio facilities in Committee Room 1 with further rooms to be considered as appropriate.

"Smart Home" Pilot

A Council "Smart Home" pilot has been launched, led by the Occupational Therapy team in social services supported by the Council's Digital team. This Smart Home is open to the public to promote the use and availability of assistive technologies for independent living. It is located upstairs in Newport Market and can be visited on an appointment basis. The Occupational Therapy team take people through demonstrations of a variety of assistive technology products and services that have the potential to make a positive impact for more independent living.

Climate Change

The Council's Climate Change Plan 2022-2027 includes a digital element and Digital is represented on one of the internal groups progressing Council plans. This is an extremely important plan for the Council and digital will play its part in some of the initiatives. The Digital Strategy 2022 - 27 recognises its importance and the need for digital to make a positive contribution including:--

- Actively considering climate change and associated actions
- Support the "new normal" way of working and associated actions
- Provide technology solutions that reduce the need for customer and staff travel
- Maximise the use of digital solutions to reduce paper usage including digitising paper records
- Minimise data storage to reduce infrastructure requirements and reduce energy consumption
- Migrate to more energy efficient technology solutions including data centre and cloud provision taking advantage of economies of scale in terms of cooling efficiency
- Maximise the use of digital solutions such as Internet of Things (IoT) network to measure climate change action and carbon emissions
- Providing information and data to facilitate organisational and individual informed decisions around climate change and carbon emissions
- Work with IT Partner, Shared Resource Service (SRS) to consider climate change measures across service delivery and take appropriate actions to reduce energy usage and reduce carbon and waste
- Consider climate impact and carbon reduction when purchasing IT equipment
- Embed reduce, reuse, recycle principles in IT policies and practices

Robotic Process Automation (RPA)

Robotic Process Automation (RPA) technology is designed to automate repetitive tasks to reduce data entry and streamline routine tasks. It can also be used for data migration as well as on-going tasks. RPA was used successfully for the migration of e-mails stored in the "Archive Manager" solution into the core Microsoft 365 e-mail system. It was also used for part of the "Cost of Living" payment processes administered by the Council on behalf of the UK Government. This is a technology that can improve the Council's effectiveness and efficiency so further opportunities for its use are being investigated.

"EdTech"

The digital work with schools involved the spend of £567,000 of "EdTech" funding allocated to the local authority for 22/23. This is to support individual schools and pupils to develop their digital and learning practice. In 22/23 the following were ordered:

- 924 digital devices including laptops, PCs, Chromebooks, iPads, Macbooks and iMacs
- 156 projectors, with 98 of these being laser projectors
- 165 digital screens
- 144 sets of speakers
- 89 webcams
- 344 class sets of headphones

Over the last 3 years, not only has the EdTech funding provided schools with an updated digital infrastructure that meets national standards, but schools have also received:

- 1248 laptops
- 6587 Chromebooks
- 401 PCs
- 935 iPads
- 51 Macbooks and iMacs
- 153 charging trolleys
- 262 projectors
- 263 digital screens
- Plus hundreds of other peripheral devices including monitors, docks, headsets, speakers, webcams, casting devices, splitters and connectors.

3.2.   Digital Skills and Inclusion

Digital Skills

During 22/23 several cohorts of the Council 'Get Connected' free digital skills course were run. These 6 week courses were delivered by Digital Communities Wales tutors at venues across the city. The course content is based on the essential skills framework which is recognised nationally. The framework sets out the digital skills most Internet users would need to make the most of day-to-day online activities, from shopping online to starting a video call with a friend or colleague.

The Council needs to consider a sustainable delivery model of the 'Get Connected' course as the delivery model adopted by Digital Communities Wales is a "train the trainer" type.

The Council's Adult Community Learning team have been delivering a range of fully accredited ICT and Digital Skills courses at St Julian's Community Learning & Library Centre and the East Neighbourhood Hub in Maesglas. These include: Computers Don't Bite, Stay In Touch – IT in Everyday Life, Stay Safe Online, Internet & E-Mail, Calendars & Forms, Stay In Touch using Tablets & Smartphones, Introduction to Word Processing, Introduction to Spreadsheets, ICDL Level 1 and ICDL Level 2. Most of these courses only cost £5 and from Sept 2023 digital skills courses and Computers Don't Bite will have no course fee.

Adult Community Learning also offer a range of bespoke courses for community organisations which can be informal, non-accredited sessions if required. This includes offering courses in community venues including residential homes and housing schemes using laptops and tablets. If a venue can be provided, then these courses are usually free of charge. In November and December 2022 free drop-in sessions were held at the University of South Wales (USW) City campus where citizens could have a free digital health check and receive assistance from students studying at the USW. This was a project part-funded through by the UK Government through the UK Community Renewal Fund and was delivered as a partnership with NCC, USW and WIDI.

Community Connectors, Libraries and community hub teams signpost the availability of digital skills sessions. First point of contact employees such as librarians and hub staff can assist with basic digital queries and signpost citizens. Libraries have undertaken a digital skills audit with Digital Communities Wales so as to identify training needs in respect of the NCC libraries workforce.

Digital Inclusion

The Council continues its accreditation for the Digital Inclusion Charter with Digital Communities Wales to work towards delivering pledges in the Charter. Newport City Council is a member of the Digital Inclusion Alliance Wales and meets regularly with alliance members to share good practice and knowledge on the subject matter of digital inclusion. The Digital team work with teams in the Prevention and Inclusion service area to signpost and promote digital inclusion opportunities. Several teams across the Council have registered as 'Online Centres' with the Good Things Foundation and are able to provide free data sims to those in need. Community connectors team raise awareness of digital inclusion support available to citizens. Digital inclusion information was shared at the "Cost of Living" events held in the city by the Prevention and Inclusion service area.

In October 2022 Newport held its first ever Get Online week as part of the national Get Online Week campaign by the Good Things Foundation. A week long timetable of digital inclusion activities were co-ordinated, bringing together partners across the city including Newport City Homes, Gwent Police, University of South Wales, Coleg Gwent and GAVO. The event held within Newport Market was free for citizens to attend to learn more about what can be accessed across the city. Activities were also held at the Coleg Gwent Campus, USW City Campus and Council hubs.

Library Internet Access

All Newport City Council libraries [provide free public access to internet enabled PCs](). PCs are available on a drop in basis or sessions can be booked in advance.

Public Building Wi-Fi

The Council provides a free public Wi-Fi service in over 50 public buildings in the city. The pandemic highlighted the value of this service in digital inclusion and this is recognised in the digital strategy. This service is being reviewed to remove duplication with corporate connectivity and realise savings whilst continuing to provide an important service. As a result of this review, a number of sites were migrated to the new public Wi-Fi service from Welsh Government's PSBA following work by SRS to facilitate this.

City Centre Wi-Fi

The City Centre Wi-Fi is provided as a concession with a company and this serves the area around the city centre only.

Bus Wi-Fi

Free Wi-Fi on Newport buses is provided, funded by the Council and Newport Transport. This service has always been well used and the Council uses it as a way to engage with the public with short online surveys.

3.3.   Data and Collaboration

This is the first year of the new digital strategy. The majority of the work within this theme is currently included in more detail within the Annual Information Risk Report. Consideration will be given to how this work is reported in future given different stakeholder roles and interests. A summary of the most important aspects are detailed below.

Better Use of Data to Facilitate Decision Making

During 22/23 Audit Wales undertook a review of the Council's arrangements to meet its Corporate Plan 2017-22 commitment to base its decisions upon data and evidence. Additionally, the review also looked as to whether the Council's chosen actions are having the desired impact and its pledge to create and establish a one-stop-shop for data and intelligence to support evidence-based working. Audit Wales acknowledged that overall considerable progress had been achieved by the Council with the need to ensure that the Council continues to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services.

Service Intelligence Packs (SIPs) have been developed to support the decision-making process in relation to several strategic transformation priorities, including Asset Rationalisation and Optimisation and forecasting of future demand in terms of school provisioning.

Significant work has been progressed in terms of improving readily available access to performance and management information reporting through extensive data integration to support operational, tactical and strategic decision-making through development and enhancement to the Council's interactive MI (Management Information) Hub.

Collaborative Working Support

Newport's Intelligence Hub have continued to provide support to regional collaboration regarding the Public Service Board and Serious Violence Duty through the development of the respective Well-being Assessments and Serious Violence needs assessments.

Newport Intelligence Hub's formal collaborative service delivery arrangements with Monmouthshire County Council are fully established and continue to provide mutual benefit through data and system expertise and knowledge sharing.

The Council's Intelligence Hub and Infrastructure service have worked collaboratively and made significant progress in terms of providing highway and infrastructure asset data in support of the UK's National Underground Asset Register (NUAR) in conjunction with Wales and UK Government to improve the coordination, management and discharge of statutory highway and utility duties.

Compliance and Audit

The Council is subject to accreditation to the Public Services Network (PSN) by the Cabinet Office. PSN accreditation was challenging during the year but was achieved in June 2023. The Council needs to comply with the Payment Card Industry Data Security Standards (PCI-DSS) when handling customer card payments and it satisfied the requirements in July 2022. The Council is audited by Audit Wales that during 22/23 carried out reviews of the Council's cyber security arrangements, evidence based decision making and its digital strategy.

Organisation

The Council has a number of roles and groups designed to ensure appropriate information risk management processes are in place with cyber security becoming increasingly important. The Council has a Senior Information Risk Owner (SIRO) role, a senior officer responsible for information risks within the organisation who is the Head of Law and Standards. The Council also has a Data Protection Officer (DPO) role as required by the Data Protection Act 2018. The Council has an Information Governance Group where strategic information governance issues are discussed.

Communications and Awareness Raising

Employees are often the weakest link in terms of causing incidents and the information security incidents section reflects this. Regular reminders of good practice were provided in the staff bulletin and on the intranet. The Council continues to provide classroom style training to staff via Microsoft Teams to provide the most interaction possible and improved learning experience. There was good attendance during the year for both corporate and Social Services. E-learning is also required for new starters.

Detailed information security training for members was provided via two training sessions in June 2023. 32 out of 51 members attended the courses which represents good attendance.

The Council procured the MetaCompliance solution to deliver cyber security related content to users that complements existing training. It includes a suite of security awareness training capabilities including security awareness training, policy management and phishing simulation.

Other important aspects are the development and updating of policies. The Council also maintains and Information Asset Register and Information Risk Register.

Information Security Incidents

All information security incidents are reported, logged and investigated. Information security incidents range from lost phones/other devices, password issues to data breaches where data is lost or passed to the incorrect recipient. Lessons need to be learned from these incidents to improve practice in future to minimise the risk of recurrence. Serious incidents that meet certain criteria must be communicated to the ICO within 72 hours and data subjects informed without delay.

Information Sharing

Partnership and collaborative working drives sharing of increased amounts of information between the Council and other organisations. The Wales Accord on the Sharing of Personal Information (WASPI) requires public sector organisations to follow agreed guidance in the development of Information Sharing Protocols (ISP's). The Information Management team leads on this work and has developed a number of ISP's with services and other organisations.

Security Information and Event Management (SIEM) solution and a Security Operations Centre (SOC)

The implementation of a Security Information and Event Management (SIEM) system and Security Operations Centre (SOC) with SRS is designed to monitor potential cyber attacks and provide improved preventative measures as a result. This has now been implemented and complements existing solutions.

Business Continuity

There is an ever-increasing reliance on digital technology to support business activities and it is therefore important to maximise the availability of systems. Increased resilience was a factor in the decision to join the Shared Resource Service (SRS) and this should be improved by the data centre move that was completed in May 2023. Improvements to backups have also been made to provide greater resilience as this is vitally important in the event of cyber incidents including ransomware.

Records and Data Management

Much of the information held by the Council would conventionally be stored as paper copies, on network file shares or within teams and service areas. The use of an Electronic Document Management System (EDMS) provides the Council with a modern, efficient, electronic system for managing documents. EDMS has a number of benefits including security, access to information and records management by storing all service related documents securely in one place with appropriate retention periods.

Document Services

Whilst the intention of the organisation is to use digital methods, there remains a need for handling paper documents. The Document Services team carries out this important function and manages mail, print, scanning and paper document storage. It has a central print room with digital equipment for printing internal documents, leaflets etc. and carries out central scanning for a large number of services using the EDMS system. The Council has a fleet of multi-function devices (MFD's) across sites that provide printing, copying and scanning facilities. The Council also has a hybrid mail solution to simplify and streamline the processes for out-going mail. The proportion of documents going through this system is increasing that reduces costs of sending mail.

Freedom of Information and Subject Access Requests

Freedom of Information

As a public authority, the Council also handles requests for information. The number of requests received in 2022/23 was 992 which is an increase from last year (953). Performance for 2022/23 was 91.0% of requests responded to within 20 working days. This was above the target of 88% of requests. The Council has met its target for ten of the last twelve years including each of the last six years.

Subject Access Requests

Subject Access Requests (SAR's) are requests for personal information requested by the data subject. The Council narrowly missed its performance target for dealing with Subject Access Requests. 70.9% of requests were responded to within the deadline, against a target of 75%.

3.4.   Digital Infrastructure and Connectivity

Local Broadband Fund (LBF) Bid

Newport City Council submitted a bid to Welsh Government's Local Broadband Fund (LBF) bid in December 2021. The Council was advised in April 2022 that it was successful in its bid.

The bid is to improve gigabit capable full fibre connectivity and the provision of in-building assistive technology and telecare services to three Council managed adult residential care homes in Newport. The following will be provided in all three buildings: -

- The provision of a gigabit capable dark fibre connection. The scheme will expand the footprint of dark fibre within Newport that will also act as a catalyst for other applications
- The upgrade of in-building infrastructure including routers, Wi-Fi access points and the potential installation of sensors
- A care management IT solution to improve the service provided to residents

Once the bid was approved, the Council went out to tender for a supplier for the complete solution. Whilst there were some delays due to the availability of network equipment, the project is progressing well with delivery during 23/24.

Broadband

Other than projects like the Local Broadband Fund designed to make a small contribution to the broadband availability in the city, the Council has limited influence on broadband roll out including enhanced speed or availability. However, the Council recognises the importance of the digital infrastructure of the city and welcomes developments to improve the city's digital infrastructure. OFCOM provides a guide to broadband basics. As well as larger communications providers, two smaller suppliers have plans to roll out "full fibre" connectivity in parts or of across Newport. Full fibre or fibre to the premises broadband offers the highest theoretical speeds possible.

Mobile Networks and 5G

5G networks are starting to be rolled out by mobile operators across the UK. 5G is significantly faster than existing 4G networks and therefore provides benefits to consumers for streaming high quality video and other tasks that need increased bandwidth. Whilst there may be some planning considerations when mobile operators want to change their infrastructure, the Council has limited influence on the roll out of such networks or general mobile networks. According to OFCOM's mobile and broadband checker, 5G is available outdoors from 3 different network operators in Newport. However, the coverage is less than for 4G services.

Infrastructure and Cloud

Devices and Operating Systems

Numerous technical solutions are in place and these are included as Appendix 2. During the year the default browser was changed to Microsoft Edge.

Data Centre Move

A major project led by the SRS commenced in 20/21 to move all SRS partners to a new data centre. All the respective partners formally signed off the business case, Newport specifically the business case was agreed by Cabinet in October 2020. Newport was the last scheduled SRS partner to migrate due to different drivers in different partners. This project was completed for Newport in April 2023 with the vast majority of work taking place out of hours with minimal impact. This was much earlier than planned in the original business case and a very positive step. The Council's capital programme was used to pay for the required infrastructure in the new data centre.

This is a major milestone for the SRS partnership with all partners now sharing infrastructure in the Vantage Data Centre. This will provide better resilience, availability and reductions in costs. Some local network equipment in Council buildings remains. This has already resulted in energy consumption and associated costs in the Civic Centre. Energy costs are already included in the data centre model and are proportionately less due to shared infrastructure and more efficient cooling given the scale of the data centre operation.

Cloud Migrations
In addition to the data centre move, more systems have been moved to the cloud. A number of advantages are expected from the migration of systems to the cloud:-
- Access from any device, location
- Improved availability, resilience
- Improved performance
- Improved support
- Positive contribution to carbon reduction

The main disadvantage is that of additional cost this needs to be considered as part of the total cost of ownership. Based on the Council's experience with systems migrated to date, the advantages vastly outweigh the disadvantages.

The migration to the cloud is based on a number of principles:-
- Cloud first
- Highest priority IT systems are targeted
- Review on a case by case basis
- Ultimate responsibility for these cloud systems remains with the Council

Cloud migrations go through a comprehensive process to ensure their suitability including appropriate procurement and information governance based on the National Cyber Security Centre (NCSC) cloud security principles, development of a cloud register and Data Protection Impact Assessments.

Council systems that are currently provided in the cloud are detailed as below:-
- E-mail as part of Microsoft 365 project
- Telephony
- Mayrise (highways, cleansing etc.)
- Social Services system, WCCIS an all Wales cloud hosted system
- iTrent HR/Payroll system is in a cloud environment.
- Web site and "A-Z" (primary Council web site plus customer services knowledge base)
- Home Care scheduling system
- Customer Relationship Management (CRM) system
- Payment solution
- Income management system.
- iShare web mapping solution
- SharePoint online (intranet)
- Modern.gov (democratic process management and documents)

New Cloud Migrations for 22/23 onwards
- As detailed above, the project to replace the existing financial system to the Technology One solution is well progressed with migration to the cloud currently expected as the third quarter of 23/24.
- The Paygate BACS system was migrated and went live in June 2022
- The Capita One education management system was migrated and went live in March 2023.
- The IDOX Uniform public protection system is well progressed with a likely go live date of the third quarter of 23/24
- The Legal case management system was also migrated and is now live

Capital Programme
The Council holds a budget for its capital programme of major IT infrastructure. The capital programme is developed by the SRS working with the Council's Digital team.

Community Safety Network
The Council has a network that provides its CCTV service. This contract needs to be reviewed and a suitable solution identified.

Internet of things (IoT) Network pilot

In conjunction with a supplier, the Council continues to pilot an Internet of Things (IoT) network that includes trialling sensors connected to the network for various purposes. This is using LoRaWAN technology (Long Range Wide Area Network) with a number of gateways across the city. Specific sensors have been set up for one area and a dashboard created to provide up to date readings and monitor trends. Opportunities for further use of this technology will be considered whenever possible and they do have the potential to contribute to measuring information relating to climate change.

4. Conclusions

4.1. Digital Strategy

The development of the Digital Strategy 2022-27 represents an important step for the Council, supporting the Corporate Plan. The strategy is based on important principles and has four themes. The development of the strategy means that the structure of this report has been changed, including specific progress against the four themes. This report provides the primary means of reporting progress on the strategy from now on.

4.2. Organisation and Governance

The report highlights the importance of the Shared Resource Service, the Council's Digital team and Service Areas in improving IT provision and the impact on service delivery. The SRS Boards are more joined up and effective with details included in Appendix 1.

The importance of IT in schools is also recognised and continues to be developed by a strategic group. This is complemented by Welsh Government funding of its "Edtech" programme across Wales that has made a huge impact.

4.3. IT Service (SRS) Performance

The SRS exceeded its targets for three of the four performance targets for Newport. Performance has been consistently good in terms of calls resolved against SLA during the last four financial years where performance has been significantly above the target. The performance for customer satisfaction and calls resolved at first point of target both exceeded their targets. The time to answer calls did not meet its target but it has reduced considerably from previous years and represents positive improvement. The Digital team plays a key role to monitor performance and work with the SRS for the programming and prioritisation of projects, core planned and reactive work.

4.4. Funding

Spend on IT/digital is incurred in various areas. The majority of the funding is provided to the Shared Resource Service (SRS) although the Council has a number of budgets including for major systems known as "retained contracts", capital programme and equipment spend. Schools fund their own IT provision from their own budgets, supplemented by Welsh Government "EdTech" funding.

Additional funding was provided for three years and this made a positive impact. Working with SRS, the Council has identified significant savings in 23/24 in light of budget challenges. This was possible due to large contract savings as a result of the SRS data centre move, Digital contracts and service re-design. The Council continues to look to rationalise systems wherever possible.

4.5. Digital Strategy Progress

Digital Transformation

There has been very good progress made in this theme of the digital strategy. This includes the finance system replacement project that is due to go live in the third quarter of 23/24. Following initial delays, the web site redevelopment project has gained momentum with an implementation partner procured to implement Local Government Drupal.

The Council migrated to the Microsoft Always On VPN (Virtual Private Network) solution. This was a successful roll out and has been positively received. Following a successful pilot and the development of a business case, the Council agreed to roll out the Microsoft Teams Phone solution. This solution will be rolled out during 23/24. Technology has provided a key part in continued effective service delivery including Microsoft Teams meetings and hybrid Council meetings facilitated by new audio-visual equipment in the Council Chamber and meeting rooms. SRS completed development of a room/desk booking system and this was implemented.

The Council's Climate Change Plan 2022-2027 includes a digital element and digital will play its part in some of the initiatives.

The "Smart Home" pilot aims to promote the possibilities of assistive technologies to support more independent living and the potential it has to make a positive difference.

Robotic Process Automation (RPA) technology is designed to automate repetitive tasks to reduce data entry and streamline routine tasks. RPA was used successfully for the migration of e-mails stored in the "Archive Manager" solution into the core Microsoft 365 e-mail system. It was also used for part of the "Cost of Living" payment processes**.** Further opportunities for its use are being investigated. The greatest benefits are realised for processes with time-consuming manual data entry and large numbers of transactions.

Welsh Government "EdTech" funding has provided a very positive improvement to the infrastructure and digital facilities for schools and has been implemented successfully by SRS, Education and Digital Services working with schools.

Digital Skills and Inclusion

Several cohorts of the Council 'Get Connected' free digital skills course were run and this is positive development. However, the Council needs to consider a sustainable delivery model of the 'Get Connected' course. The Council's Adult Community Learning team delivered a range of fully accredited ICT and Digital Skills courses. Most of these courses only cost £5 and from Sept 2023 digital skills courses and Computers Don't Bite will have no course fee. Adult Community Learning also offer a range of bespoke courses for community organisations.

Community Connectors, Libraries and community hub teams signpost the availability of digital skills sessions. First point of contact employees such as librarians and hub staff can assist with basic digital queries and signpost citizens. Libraries have undertaken a digital skills audit with Digital Communities Wales so as to identify training needs in respect of the NCC libraries workforce.

All Newport City Council libraries provide free public access to internet enabled PCs. PCs are available on a drop in basis or sessions can be booked in advance.

The Council provides a free public Wi-Fi service in over 50 public buildings in the city. This service is being reviewed to remove duplication with corporate connectivity and realise savings whilst continuing to provide an important service. The City Centre Wi-Fi is provided as a concession with a company and this serves the area around the city centre only. Free Wi-Fi on Newport buses is provided, funded by the Council and Newport Transport. This service has always been well used and the Council uses it as a way to engage with the public with short online surveys.

Data and Collaboration

Audit Wales undertook a review of the Council's arrangements to base its decisions upon data and evidence. It acknowledged that overall considerable progress had been achieved by the Council with the need to ensure that the Council continues to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services. Service Intelligence Packs (SIPs) have been developed to support the decision-making process. Significant work has been progressed in terms of improving readily available access to performance and management information reporting.

Newport's Intelligence Hub have continued to provide support to regional collaboration regarding the Public Service Board and Serious Violence Duty through the development of the respective Well-being Assessments and Serious Violence needs assessments.

Further details of the items below are provided in the Annual Information Risk Report. PSN compliance was challenging but was achieved in June 2023. Newport City Council met the requirements of the Payment Card Industry (PCI) Data Security Standards in July 2022.

The Council has a number of roles and groups designed to ensure appropriate information risk management processes are in place with cyber security becoming increasingly important. All information security incidents are reported, logged and investigated.

Employees are often the weakest link in terms of causing incidents. Regular reminders of good practice were provided in the staff bulletin and on the intranet. The Council continues to provide classroom style training to staff with was good attendance for both corporate and Social Services.

The information management team provided two training sessions for members in June 2023. 32 out of 51 members attended the courses which represents good attendance.

The Council procured the MetaCompliance Solution to deliver cyber security related content to users. The Information Management team leads on information sharing and has developed a number of ISP's with services and other organisations.

The implementation of a Security Information and Event Management (SIEM) system and Security Operations Centre (SOC) has now been implemented and complements existing solutions.

There is an ever-increasing reliance on digital technology to support business activities. The Council is committed to ensuring robust and effective business continuity management.

The use of an Electronic Document Management System (EDMS) provides the Council with a modern, efficient, electronic system for managing documents, improving the way information and documents are used and the flow of information around the Council.

Freedom of Information performance for 2022/23 was 91.0% of requests responded to within 20 working days, above the target of 88%. The Council narrowly missed its performance target for dealing with Subject Access Requests. 70.9% of requests were responded to within the deadline, against a target of 75%.

Digital Infrastructure and Connectivity

Newport City Council was successful with a bid to Welsh Government's Local Broadband Fund (LBF). The bid is to improve gigabit capable full fibre connectivity and the provision of in-building assistive technology and telecare services to three Council managed adult residential care homes in Newport. Work commenced on the project following the tender. The project is progressing well with delivery during 23/24.

The Council has limited influence on broadband roll out including enhanced speed or availability. However, the Council recognises the importance of the digital infrastructure of the city and welcomes developments to improve the city's digital infrastructure. As well as larger communications providers, two smaller suppliers have plans to roll out "full fibre" connectivity in parts or of across Newport. Full fibre or fibre to the premises broadband offers the highest theoretical speeds possible.

5G networks are starting to be rolled out by mobile operators across the UK. According to OFCOM's mobile and broadband checker, 5G is available outdoors from 3 different network operators in Newport. However, the coverage is less than for 4G services.

A major project led by the SRS commenced in 20/21 to move all SRS partners to a new data centre. This project was completed for Newport in April 2023. This was much earlier than planned in the original business case and a very positive step. This is a major milestone for the SRS partnership with all partners now sharing infrastructure in the Vantage Data Centre.

This will provide better resilience, availability and reductions in costs. Some local network equipment in Council buildings remains. This has already resulted in energy consumption and associated costs in the Civic Centre.

In addition to the data centre move, more systems have been moved to the cloud. A number of advantages are expected from the migration of systems to the cloud including access from any device/location, improved resilience and improved support from suppliers. These benefits have been realised in migrations to date. During 22/23 three major IT systems were migrated to the cloud with two more in progress due to complete in 23/24, most notably the Council's primary finance system. The Council will proactively look to migrate systems to the cloud as the preferred option when practical and affordable.

Work has commenced to review the Community Safety Network provision that provides the Council's CCTV service.

In conjunction with a supplier, the Council continues to pilot an Internet of Things (IoT) network that includes trialling sensors connected to the network for various purposes. Opportunities for further use of this technology will be considered whenever possible and they do have the potential to contribute to measuring information relating to climate change.

5. Actions Summary

5.1.   Digital Strategy

The Digital Strategy needs to be communicated to all stakeholders to ensure it is understood. Relevant ownership for delivering the intended outcomes and associated actions needs to be identified. The Digital Board will oversee the implementation of the Digital Strategy with the Digital team leading operationally with SRS and services. Progress against the Digital Strategy will be reported annually in this Annual Digital Report.

5.2.   Organisation and Governance

The relationship between the Council and the Shared Resource Service (SRS) is one that aims for continuous improvement in partnership working. The SRS will be a vital partner in the delivery of the new Digital Strategy. The Digital team also has an on-going role to engage with other services and contribute to their respective plans and strategies. The "EdTech" programme will continue to make improvements in schools.

5.3.   IT Service (SRS) Performance

Whilst the SRS has performed consistently well against its Service Level Agreements (SLA's) its performance needs to be monitored regularly and any issues reviewed for appropriate action by SRS/Digital as appropriate. As the new Service Desk system is now live, self-service logging of incidents will be promoted. The Digital team will continue to develop relationship between Council and SRS especially in relation to the delivery of anticipated outcomes and actions in the new Digital Strategy. The Digital team will continue to work with the SRS for the programming and prioritisation of projects, core planned and reactive work.

5.4.   Funding

Spend on IT/digital is incurred in various areas and this is generally expected to bring about positive benefits in service delivery. However, budget challenges mean that opportunities to rationalise systems, infrastructure and licences need to be reviewed on an on-going basis to ensure the continued best use of available funding.

5.5.   Digital Strategy Progress

Digital Transformation
The Council's finance system is due to be migrated to a new cloud based system in the third quarter of 23/24. The Council has commenced the implementation of Local Government Drupal for the redevelopment of the Council web site by the first quarter of 24/25. The Microsoft Teams Phone solution will be rolled out during 23/24. The Council will continue development of Microsoft 365 solution working with SRS. Lessons from the "Smart Home" pilot need to be established to understand wider potential for these technologies and the Council's role. Further opportunities for the use of Robotic Process Automation (RPA) need to be considered.

Digital Skills and Inclusion
The Council needs to consider an approach to the "Get Connected" courses in future. Council libraries will continue to provide free public access to internet enabled PCs. The Council will continue to review its free public building Wi-Fi service to remove duplication with corporate connectivity and realise savings whilst continuing to provide an important service. Free Wi-Fi on Newport buses is provided, funded by the Council and Newport Transport. Plans for a suitable Tablet Loan Scheme are to be developed for roll out in libraries.

Data and Collaboration
The Council needs to continue to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services.
Further details of information governance items are provided in the Annual information Risk Report. Actions are included in that report.

Digital Infrastructure and Connectivity

The Local Broadband Fund (LBF) project has commenced with implementation to be completed during 23/24. Two more system cloud migrations are in progress due to complete in 23/24, most notably the Council's primary finance system The Council will proactively look to migrate systems to the cloud as the preferred option when practical and affordable. The Council needs to review its Community Safety Network that provides its CCTV service. The Council continues to pilot an Internet of Things (IoT) network. Opportunities for further use of this technology will be considered whenever possible.

6. Risk Management

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?
Digital Strategy is not up to date/relevant to reflect the needs of services and customers		M	L	[Digital Strategy 2022-27](#) developed and will be kept under constant review in terms of outcomes and actions. Progress will be reported to Digital Board that provides the governance to support the Review and update Digital Strategy with stakeholders	Digital Services Manager (DSM) and Digital Projects Managers with internal and external stakeholders in partnership with SRS
Funding of service is not sufficient to meet the organisation's demands and aspirations, especially given more flexible working		M	L	Additional funding now allocated to areas of need. Innovation and development fund enables new technologies to be tested	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with Head of PPT / SRS management
Delivery of IT Service by Shared Resource Service (SRS) provides less control		M	M	Develop relationship with the SRS further and contribute to its strategic direction and governance. Develop client side role to provide strategic input and performance monitoring. Continue to contribute to the delivery of projects, core planned and reactive work	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with Head of PPT/ SRS management
Critical IT systems are not available to services		H	L	Data centre migration completed. Move of systems to the cloud will provide improved availability and resilience. Review business continuity business impact assessments	Digital Services Manager and Digital Projects Managers in conjunction with SRS and services
Appropriate devices and operating systems are not available		M	L	Laptops remain the standard and Digital will consider future needs. Windows 10 updates to take place for devices	Digital Services Manager (DSM) and Digital Projects Managers in conjunction with in conjunction with SRS

7. Action Plan

Action	Deadline
Digital Strategy	
Communication - Digital Strategy to be communicated to all stakeholders	Sep 23
Strategic Management - Digital Board to provide strategic management of the strategy and its progress	On-going
Ownership of Outcomes - allocation of ownership for intended outcomes and associated actions	Sep 23
Progress Monitoring - progress against the strategy outcomes and actions managed by the Digital team and to be reported in future Annual Digital Reports	Sep 24
Organisation and Governance	
SRS Boards - represent Council at Shared Resource Service (SRS) Board meetings	On-going
Relationship Management - continue to develop relationship between Council and SRS especially in relation to the delivery of anticipated outcomes and actions in the new Digital Strategy.	On-going
Programming/Prioritisation of Work - continue to work with the SRS for the programming and prioritisation of projects, core planned and reactive work	On-going
"EdTech" Project - work with Education service and SRS in delivery of Welsh Government "Edtech" funding for 23/24	Mar 24
Education/Schools Support – support Education service, schools and SRS in application of technology for schools in Newport	On-going
Digital Team Engagement - Digital team engagement with services and contribution to other plans and strategies throughout the organisation	On-going
IT Service (SRS) Performance	
Performance Management - monitor and manage performance between SRS and Digital team	On-going
SRS Report - SRS Report to Partnership Scrutiny Committee	Oct 23
Self Service Promotion - promote logging of calls via self-service	Oct 23
Funding	
Best Use of Available Funding - opportunities to rationalise systems, infrastructure and licences need to be reviewed to ensure the continued best use of available funding	On-going
Digital Strategy Progress	
Digital Transformation	
Finance System Migration - the Council's finance system is due to be migrated to a new cloud based system	Dec 23
Web Site Redevelopment - implementation of the Local Government Drupal solution for the redevelopment of the Council's web site	June 24
Microsoft Teams Phone - the Microsoft Teams Phone solution will be rolled out during 23/24	Mar 23
Microsoft 365 - continued development of Microsoft 365 solution	On-going
Climate Change Digital Elements – develop and progress digital elements of the Council's climate change plan	On-going
"Smart Home" - lessons from the pilot need to be established to understand wider potential for these technologies and the Council's role	Mar 24
Robotic Process Automation (RPA) - further opportunities for the use of Robotic Process Automation (RPA) need to be considered	On-going
Digital Skills and Inclusion	
Digital Skills courses – consider a sustainable delivery model for Get Connected courses	Dec 23
Library PC Access - Council libraries will continue to provide free public access to internet enabled PCs	On-going

Free Public Building Wi-Fi Review - free public building Wi-Fi service to remove duplication with corporate connectivity and realise savings whilst continuing to provide an important service	On-going
Bus Wi-Fi - provide free Wi-Fi on Newport buses funded by the Council and Newport Transport	On-going
Tablet Loan Scheme – develop a suitable scheme for roll out across libraries	Mar 24
Digital Champions - enhance the role of Council digital champions to improve support for employees	Dec 23
Data and Collaboration	
Better Use of Data to Facilitate Decision Making - continue to take a 'whole organisation approach' to effectively using evidence and data to inform decision-making through use of the Newport Intelligence Hub services	On-going
Collaborative Working Support - Newport's Intelligence Hub's support to regional collaboration regarding the Public Service Board	On-going
Digital Strategy Updates - Progress against the strategy outcomes and actions managed by the Digital team and to be reported in future Annual Information Risk Reports with important aspects summarised in Annual Digital Report	Sep 24
Annual Information Risk Report actions – these are included in that report	Various
Digital Infrastructure and Connectivity	
Local Broadband Fund (LBF) - project implementation across three adult residential care homes	Mar 24
Cloud Migrations - two more in progress due to complete in 23/24, most notably the Council's primary finance system	Dec 23
Cloud Services – the Council will proactively look to migrate systems to the cloud as the preferred option when practical and affordable	On-going
Capital Programme – development of capital programme for major infrastructure	On-going
Community Safety Network – this contract needs to be reviewed and a suitable solution identified	Dec 23
Internet of Things (IoT) Network - opportunities for further use of this technology will be considered whenever possible	On-going

Appendix 1 – Shared Resource Service (SRS) Organisation and Governance

SRS Governance Arrangements
The SRS continues with three boards. All documents are now available to members of all boards to improve communication and transparency. The three boards are as follows:-

Strategic Board
This purpose of this board is to set the Strategic Direction of the SRS. It provides collective challenge to the Business and Collaboration Board around alignment to the SRS Strategy and identifying collaborative opportunities across all partners. It provides collective challenge to the Finance and Governance Board around alignment to the SRS Strategy and assurance to all partners. It provides collective challenge to the SRS Chief Operating Officer to drive forward SRS strategic principles. NCC is represented on this board by the Chief Executive and the Cabinet Member for Organisational Transformation. The Strategic Board provides updates on audits, performance as well as progress on the annual tactical plan.

Business and Collaboration Board
The purpose of this board is to provide collective challenge to the SRS Chief Operating Officer to drive forward the SRS strategic principles including to deliver effective ICT services from a single combined unit and operate as one SRS, to improve services to provide a solid foundation upon which partner organisations can operate, to ensure the investment in technology is focused on delivery of the corporate priorities of the partner organisations, to develop a capable, professional workforce that can meet the challenges within technology over the coming years and to provide a collaborative platform for public sector organisations to share common ground. NCC is represented on this board by the Head of People, Policy and Transformation and the Digital Services Manager. The Business and Collaboration Board provides an overview of performance, the annual tactical plan together with opportunities for collaborative working across partners on an informal and formal level.

Finance and Governance Board
The purpose of this board is to assure the Strategic Board that the SRS is delivering value for money, support the development of a medium term financial plan for the SRS, support the audit programme at the SRS and receive updates from audit in relation to the combined audit programme, provide collective challenge to each other around alignment to the SRS Strategy. It also provides collective challenge to the SRS Chief Operating Officer to drive forward the SRS strategic principles. NCC is represented on this board by the Head of Finance. The Finance and Governance Board provides updates on audits, SRS budget monitoring and agrees annual partner budgets.

These boards continue to mature with a strong sense of collaboration. All decisions made by boards need agreement by all partners. Developing a strategic, cohesive vision for all partners is challenging despite each partner's commitment to the partnership and its aims. An Audit Wales report into the partnership identified an increased level of consistency of vision and direction.

In addition to the three boards there is also a Delivery Group.

Delivery Group
The SRS holds four weekly Delivery Group meetings with each partner separately. At these meetings, performance data is reviewed with individual partners and work is prioritised for the next four week period. NCC is represented by its client function led by the Head of People, Policy and Transformation. The focus of these meetings is being shifted to more strategic initiatives.

Information Security Leadership Board
Newport now attends a cross SRS partner information governance forum that complements our internal officer Information Governance Group.

Appendix 2 – Technology Solutions

Devices
The Council now almost exclusively uses laptops for flexibility and mobility and this has been useful for increased flexible working over the last few years. Laptops will always be issued unless there is a specific reason that a desktop device is required in very limited scenarios. Windows 10 is deployed to all devices with regular updates required.

Microsoft 365
The Council previously migrated its e-mail solution to Microsoft 365 with e-mail in the cloud. This provides improved collaborative, agile working facilities and information security. The solution uses Microsoft Multi Factor Authentication (MFA). In addition, the Microsoft Advanced Threat Protection (ATP) solution protects against attachments and links sent in e-mails. The e-mail configuration includes the use of Transport Layer Security (TLS) to encrypt e-mail to external e-mail systems set up to the same standard which should include all local authorities and the public sector generally. Other security standards for e-mail system hygiene have also been implemented.

Microsoft Teams continues to provide instant messaging/chat facilities as well as video/audio conferencing facilities. These facilities are used extensively and enable the organisation to hold a large number of virtual meetings and informal discussions. The solution is regularly updated by Microsoft with additional features and other improvements. The latest version of the Microsoft 365 client is rolled out to all Windows devices.

Security Information and Event Management (SIEM) system and Security Operations Centre (SOC)
The implementation of a Security Information and Event Management (SIEM) system and Security Operations Centre (SOC) with SRS is designed to monitor potential cyber attacks and provide improved preventative measures as a result. This has now been implemented and complements existing solutions.

Devices for Members
Members have tablets and, in combination with laptop devices, provide a comprehensive solution for their role. The refresh of member laptop devices is included within the wider laptop refresh cycle so where new devices are required they are provided. Following local government elections in May 2022 tablets and mobile phones were re-issued or new devices provided where necessary.

Digital Champions
The Council has approximately 30 "Digital Champions" who are advocates for the use of digital technology. They provide a key contact point for services using digital technology. They were a key part of the testing of new infrastructure as part of the data centre move and other developments.

Remote Access Virtual Private Network (VPN) Solution
The Council now uses the Microsoft Always On VPN solution. This enables all staff who need to work from home to do so. It provides the ability to carry out password resets and Windows updates due to its "always on" connection type enhancing security. Staff are able to work from anywhere where a wireless network is available (subject to geographical restrictions), as if they were sat at their desk, which also reduces the requirement to carry paper documents.

Multi-Function Devices
'Follow Me' print is available to all users, who are able to access Council printers from any location with a device. An upgrade took place to the software that supports Multi-Function Device s (printer/copier/scanner).

Secure/Large File transfer solution
Secure and large file transfers are now provided using Microsoft Office Message Encryption and Microsoft One Drive for Business.

Xerox Mail "hybrid mail"
More services have been set up to use the "hybrid mail" system to streamline the production of paper and electronic outputs. This enables documents to be sent to production printers in the print room and then processed through the mail room folder/inserter machine. This improves security by ensuring that print outputs are split into envelopes automatically in the folder/inserter machine. The system's use continues to increase, led by the Digital team.

Wireless Staff Access
Wireless Access points are provided in many Council buildings. This includes appropriate security controls in place. Following the completion of the data centre move new infrastructure will be implemented to improve Wi-Fi at key sites.

Wireless Public Access
Public Wi-Fi is available in the city centre (Newport City Connect), over 50 public buildings (Newport Community Cloud) and on buses.

Physical Security
Major buildings are limited to staff with physical access cards and alarmed outside of opening hours. As detailed in the physical access policy:

• IT facilities must be located in secure areas protected from unauthorised access
• Any visitors to IT secure areas must be signed in and accompanied at all times
• Computer rooms are subject to additional security measures to protect them from unauthorised access, damage and interference

The Building Access policy also require staff to display identity badges at all times.

Mobile Phones
The Council has a large number of mobile phones issued to staff. The vast majority are now smart phones with e-mail, internet access, Teams etc. For those that just need calls and texts, basic phones are provided as they are much cheaper. All phones are managed using a Mobile Device Management (MDM) solution to limit access and the ability to wipe phones remotely if required.

Tablets
A relatively small number of tablets are in use across the organisation for specific purposes including tablets for members. These devices are managed using the same Mobile Device Management (MDM) solution as for mobile phones.

Appendix 3 – Digital Strategy

Full strategy at Digital Strategy 2022-27
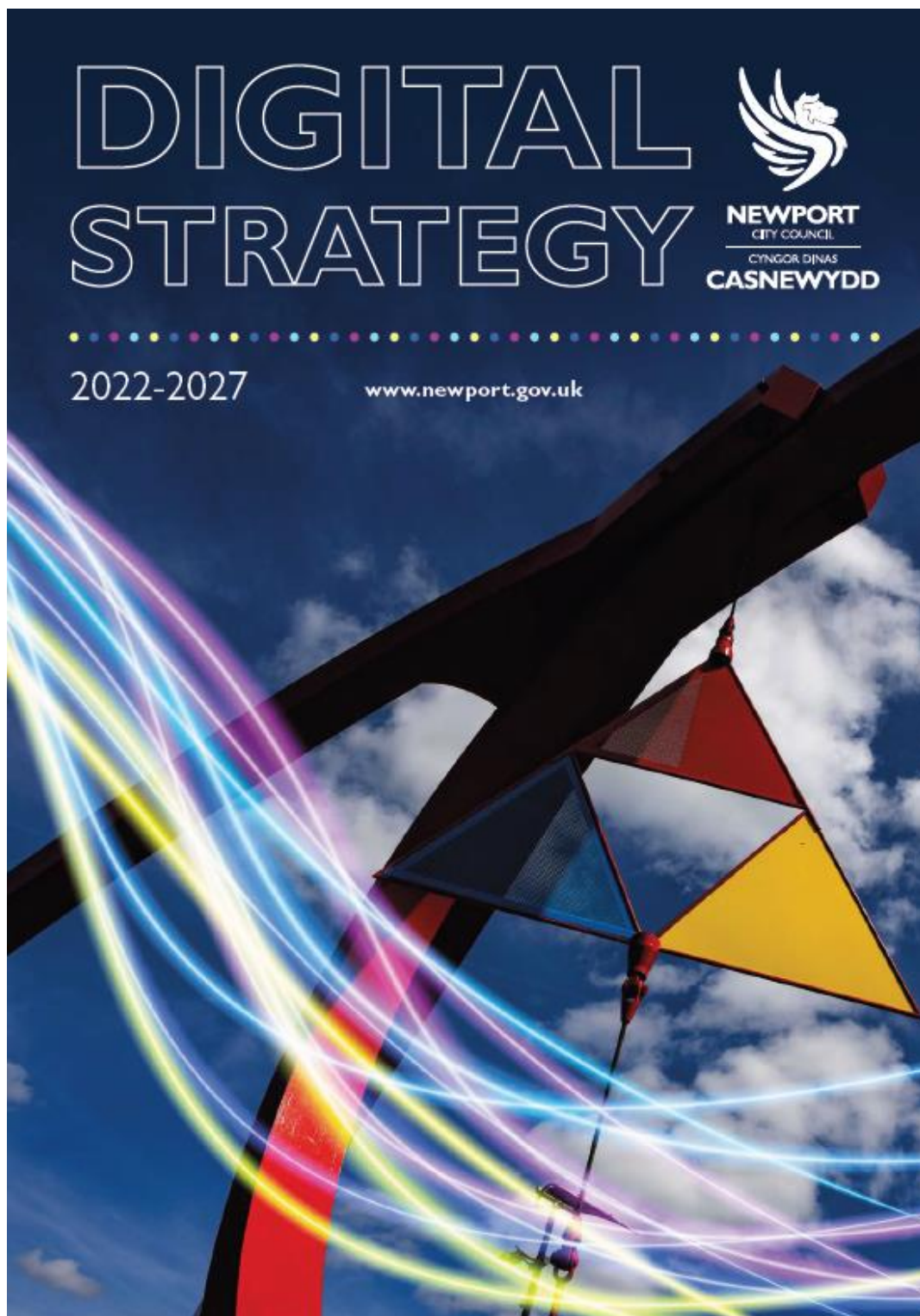
BACKGROUND

This is the council's second digital strategy, developed at a time when digital technology is increasingly important to service delivery. It has been developed following extensive engagement with citizens, businesses, employees and members. This engagement has identified various common needs and aspirations. It recognises differences in how customers want to interact with the council given their level of digital skills and inclusion. The strategy builds on and develops activities commenced in the original digital strategy. The strategy sets the strategic direction for the council over the next five years.

PRINCIPLES

The strategy is guided by important principles:-

- **Innovative** – embrace new ways of working and technology
- **Data driven** - decisions are made based on sound evidence
- **User centred** – users are at the centre of what we do
- **Inclusive** – services are available to meet individual needs
- **Collaborative** – collaboration internally and externally
- **Secure** – systems and data are protected
- **Green** – digital technology supports the council's net zero aspirations

These principles are closely aligned to the council's Corporate Plan principles of *Fair and Inclusive, Empowering, A listening council* and *Citizen Focussed*.

THEMES

The strategy is based on four themes:

1 DIGITAL TRANSFORMATION
We will transform services by the innovative use of digital technology that is effective, easy to use and designed around user needs

2 DIGITAL SKILLS & INCLUSION
We will develop the digital skills of our citizens, employees and members plus support improved access to digital technology

3 DATA & COLLABORATION
We will improve service delivery by better use of data and increased collaboration built on secure systems and processes

4 DIGITAL INFRASTRUCTURE & CONNECTIVITY
We will drive excellent digital infrastructure and connectivity for the city and for the council

Report

Cabinet

Part 1

Date: 15 November 2023

Subject   **Annual Report on Compliments, Comments and Complaints Management 2022-2023**

Purpose   To provide Cabinet with an overview of all Corporate and Social Services compliments, comments and complaints received during 2022/2023.

Author   Head of People, Policy and Transformation

Ward   All

Summary In April 2023 Cabinet agreed the Customer Feedback Policy, Compliments, Comments and Complaints for the Council. This report provides an overview of how the Council manages compliments, comments and complaints and the Council's performance in 2022/23. Complaints about schools are reported separately as they are subject to a distinct statutory framework, however, complaints about Education services such as administrative processes are included.

This report provides an overview for the year 2022/2023, broken down by service areas and complaint types. The report highlights key trends and themes drawn from the data for consideration.

The report reflects on lessons learned for the council to improve and actions to deliver these improvements. For 2022/23 there has been significant engagement with managers as a result of the newly updated Customer Feedback Policy - Compliments, Comments and Complaints. Employee complaint handling workshops and bespoke service area training sessions have been delivered throughout 2022/23.

Proposal Cabinet is asked to endorse the Annual Report on Compliments, Comments and Complaints Management 2022-2023 and proposed actions.

Action by Complaint Resolution Manager

Timetable Immediate

This report was prepared after consultation with:
- Governance & Audit Committee
- Heads of Service
- Head of Law and Standards – Monitoring Officer
- Head of Finance – Chief Financial Officer
- Head of People, Policy and Transformation
- Strategic Director for Social Services

Signed

Background

This is the third report to Cabinet and provides an overview of how the Council manages Compliments, Comments and Complaints and the annual report on the Council's performance in 2022/23. All annual statistics and corporate actions for improvement are passed onto the Chief Internal Auditor and are then fed into the Annual Governance Statement and Annual Corporate Self-Assessment Report. The Council values customer feedback and uses it as an opportunity to improve the services that we provide.

In May 2021, the Governance and Audit Committee agreed new terms of reference to align with the Local Government and Elections (Wales) Act 2021. One of the new requirements of the Committee is to: *Make reports and recommendations in relation to the authority's ability to handle complaints effectively.* As such the report has also been received by the Committee and their comments are included.

The policies and procedures in place for Compliments, Comments and Complaints comply with the legislative requirements of the Welsh Language (Wales) Measure 2011 and associated standards, specifically ensuring that the Council promote the 'Active Offer'. Social Services statutory requirements remain in operation alongside the Corporate Policy to ensure they are aligning with; Social Services Complaints Procedure (Wales) Regulations 2014 and the Representations Procedure (Wales) Regulations 2014, ("the Regulations").

In March 2023, the [Council's Cabinet](#) approved the [Newport City Council Customer Feedback Policy, Compliments, Comments and Complaints](#) which is aligned to guidance issued by the Public Services Ombudsman for Wales. Our Corporate Plan outlines the importance of the views of communities and service users and this policy is one of the ways we support this.

In April 2023, the My Council Services system which records complaints was updated to reflect the Newport City Council restructure. 2023/24 Complaints Annual Report will reflect this essential update.

The Compliments Comments and Complaints Annual Report 2022/23 reflects positively on compliance with the new policy in recording complaints more effectively. The report (attached) outlines the progress made, alongside actions for improvement. These include further development of customer contact and reporting, continued rollout of training and awareness and alignment with policies. We recognise the important feedback that compliments, comments and complaints provide for the Authority and will continue to develop our reporting arrangements.

A summary of the report is provided below and the detailed report is attached as an appendix.

Executive Summary

Background

- The Council has a statutory requirement to process Corporate Complaints in line with the Customer Feedback Policy Compliments, Comments and Complaints and a statutory obligation in line with the All-Wales Statutory Social Services Complaint Handling Process
- This is the third Annual Compliments, Comments and Complaints Report which provides statistics and insights into Complaint Handling arrangements for Newport City Council
- The Council values customer feedback and uses it as an opportunity to improve the services that we provide.
- We use information from complaints to ensure good outcomes, and the more complaints we accurately record, the more able we are to do this.
- The absence of complaints does not necessarily indicate excellent services – just as an increase in complaints does not necessarily indicate poor services.
- Complaints are logged in line with the Public Services Ombudsman for Wales (PSOW) All-Wales Model Complaints policy.

Compliments (Corporate)

- 106 Corporate Compliments were recorded in 2022/2023, compared with 175 received in 2021/22
- A heightened awareness due to the training provided should result in more compliments recorded into 2023/24

Compliments (Social Services)

- 36 compliments were received for Social Services during 2022/23, compared to 33 received in 2021/22.
- Work will commence in Quarter 4 2023/24 to deliver complaint workshops to Social Services teams.

Comments

- 2693 comments were received 2022/23 compared with 4,267 received in 2021/22.
- In July 2022 it was identified many service requests were being recorded incorrectly as a comment. A review resulted in a shorter customer journey and the requests are now sent directly to the service area, and not counted as a comment.
- This benefits service areas by providing a more accurate assessment of service demand, based on amounts of service requests logged.
- We can expect this figure to decrease further in 2023/24, as we have further updated systems so that these are categorised correctly.

Complaints (Corporate)

- 612 corporate complaints were received in 2022/23 – 341 Stage 1, 46 Stage 2 and 225 complaints refused in line with policy.
- Positively, 88% of corporate complaints were resolved at stage 1.
- Corporate stage one complaints: 341 complaints resolved in 2022/23 compared with 271 complaints resolved in 2021/22. 25.8% increase since 2021/22
- Corporate stage two complaints: 46 complaints resolved in 2022/23 compared with 31 complaints resolved in 2021/22. 48.4% increase since 2021/22
- This increase is indicative of complaint recording process refinement and alignment with the PSOW model complaint handling policy.

Complaints (Social Services)

- 73 Social Services Complaints received for 2022/23: 20 Stage 1, 5 Stage 2, 48 complaints were refused in line with Policy.
- 75% of Social Services Complaints were resolved at Stage 1.
- Social Services stage 1 Complaints: 20 complaints resolved in 2022/23 compared with 50 complaints resolved in 2021/22. 60% decrease in complaints resolved since 2021/22
- Social Services stage 2 Complaints: 5 Stage 2 complaints were resolved in 2022/23 compared with 3 Stage 2 complaints resolved in 2021/22. 67% increase in complaints received since 2021/22
- It should be noted that the number of Stage two Social Services complaints received in 2022/23 were still relatively small, with only 5 received.
- We note that Social Services complaints are lower than corporate complaint figures and will be working closely with managers in Social Services on complaints recording.

Public Services Ombudsman for Wales (PSOW)

- The PSOW reviewed 37 corporate complaints and 5 Social Services complaints. None were upheld.
- 8 of the 42 complaints required early resolution - this is where the PSOW asks us to take some further action to resolve based on their guidance.

Communications and Awareness Raising

- Complaints Handling training was delivered to 120 officers with ongoing delivery planned.
- Key stakeholders have been identified and prioritised, colleagues have worked with the complaints team to ensure that they understand and follow process.
- Further sessions scheduled for delivery.
- Induction Programme for new starters includes complaint handling processes.
- Process reviews have taken place with colleagues in Business Support, Contact Centre, Refuse & Waste and Wastesavers
- We will be reporting 6 monthly to senior managers for oversight and discussion.

Policy update

- The Feedback Policy: Compliments, Comments and Complaints was reviewed and updated. This was approved by Cabinet in March 2023.
- Standardised complaint template responses are now in place.
- The Unacceptable Actions Policy review has commenced.
- Our [Corporate Plan](#) outlines the importance of the views of communities and service users and this policy is one of the ways we support this.

Reporting Functions and recording

- Aligning My Council Services (MCS) closure categories with the complaint refusal reasons as outlined in the 'Feedback Policy: Compliments, Comments and Complaints'
- Reduction of categories for closing complaints
- New forms have been developed which allow residents to log service requests directly to Waste and Recycling.
- Service area restructure updated for Compliments, Comments and Complaints in April 2023

Equalities

- Optional equalities form introduced in April 2023. Residents can complete this form via MCS. Early analysis of completed forms has identified that contact with the Complaint Resolution Team was made predominantly by White residents aged between 25-34

Actions for Improvement 2023/24

Below outlines the actions that the team will be undertaking in 2023/24 to improve the delivery of the service.

- Further development of My Council Services system to maximise its effectiveness for reporting – the Council's website is also being updated to make the forms easier to find.
- Continue to rollout training for officers.
- Develop councillor complaint handling awareness session.
- Identify under reporting of complaints and implement procedures to capture and record.
- Work with colleagues in residential settings to align their complaint procedures with the revised Customer Feedback Policy.
- Reviewing Independent Investigators contract documentation with colleagues from the All-Wales Complaints Officers Group.
- Unacceptable Actions by Customer Policy review.
- Work with Customer experience review to determine what lessons can be learned.

Financial Summary (Capital and Revenue)

There are no direct financial implications associated with this report.

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (H/M/L)	Risk Probability of risk occurring (H/M/L)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Failure to comply with the requirements of the Public Services Ombudsman for Wales (PSOW) in dealing with complaints	H	L	The Council has. • All policies have been reviewed in line with Public Services Ombudsman (Wales) Act 2019 • Policy revised in March 2023 • Team received training from PSOW	Complaints Resolution Manager Digital Services Manager
Failure to meet the public's expectation for dealing with complaints	H	L	The Council has. • Consulted with the public to find out what is important to them relating to complaints and complaint handling • Consulted with officers to find out what support is needed to help them respond to complaints effectively	Complaints Resolution Manager Digital Services Manager

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

Newport City Council is committed to dealing effectively with any compliments, comments or complaints about its services.

Customer Feedback Policy Compliments, Comments and Complaints

Our Corporate Plan outlines the importance of the views of communities and service users and this policy is one of the ways we support this.

Corporate Plan

As outlined below there are also links to the Strategic Equalities annual reports.

Options Available and considered

1. To consider the contents of this report for the Authority, providing any additional commentary and/or recommendations for future reports.
2. To request further information or reject the contents of this report.

Preferred Option and Why

1. Option 1 is the preferred option to provide any additional comments and/or recommendations for future reports.

Comments of Chief Financial Officer

There will be no financial impact as a result of this report. Any recommendations for improvements will need to be considered using existing budget provision.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. This report provides an overview of the comments, compliments and complaints received by the Council during 2022/23 and how they were dealt with and also includes the Ombudsman's annual performance letter.

The Council's Corporate Compliments, Comments and Complaints Policy approved by Cabinet in March 2022 complies with the guidance issued by the Ombudsman in relation to the handling of complaints, while the statutory social services complaints procedures are in accordance with the Social Services Complaints Procedure (Wales) Regulations 2014 and the Representations Procedure (Wales) Regulations 2014.

In accordance with changes made to the statutory terms of reference of the Governance and Audit Committee under the Local Government & Elections (Wales) Act 2021 the Committee were asked to consider this report in September, with a view to making any recommendations to Cabinet, including in relation to the effectiveness of the Council's complaints-handling procedures. Cabinet is now being asked to consider this report and to make any recommendations for their own in relation to improvement of the reporting procedures. Any individual actions arising from the complaints are matters for the relevant officers and Cabinet Members.

Comments of Head of People Policy and Transformation

The Council has a responsibility for ensuring that services are provided to a satisfactory standard and to ensure redress, learning and continuous improvement where issues are raised by service users. This report provides an overview of how we have performed in 2022/23 and where we need to improve on how we manage compliments, comments, and complaints. This follows the Cabinet agreeing the Newport City Council Customer Feedback Policy, Compliments, Comments and Complaints in March 2023.This Policy and the Annual Report form part of the Council's work to promote citizen engagement and to work preventatively.

There are no HR implications relating directly to this report although it is noted that staff training and development has taken place to support policy implementation and improve standards.

Scrutiny Committees

Not Applicable, however complaints are also reported through certain service plans to performance Scrutiny Committee.

Fairness and Equality Impact Assessment:
- **Wellbeing of Future Generation (Wales) Act**

This report enables Members to monitor the current position of the council's performance, this helps to drive improvement over the short and long-term and prevent poor performance.

Performance measures are also reported through the service plans and the improvement plan, which consider the sustainable development principle promoted in the Act and the five ways of working; long-term, prevention, integration, collaboration and involvement.

Any changes to service provision because of feedback received would consider the five ways of working and the sustainable development principle as part of the decision-making process.

- Long term: the actions being put into place will ensure that the Council is able to respond to feedback and complaints now and in the future.
- Prevention: Understanding what is important to residents and why we have received complaints will help the Council to make improvements that prevent similar complaints from occurring again.
- Integration: Reviewing the Council's policies regarding feedback from residents will help to ensure that the principles of the Public Services Ombudsman (Wales) Act 2019 are embedded in service provision.
- Collaboration: the approach to responding to feedback from complainants requires collaboration across the Council. All service areas receive and deal with complaints and their feedback as part of consultation will inform the development of training, guidance, and support.
- Involvement: Public consultation has provided valuable insight into what is important for customers when they are unhappy with a service provided by the Council. This will be used to inform the development of training, guidance, and support.

- ## Equality Act 2010

Not applicable as this is an information only report to the Governance and Audit Committee. We work closely with the equalities team as part of the Strategic Equalities Group, and this work is reported in the Strategic Equalities Annual Report.

- ## Welsh Language (Wales) Measure 2011

The Welsh Language Measure is considered in this report and is also covered by the Compliments, Comments and Complaints Policy.

Consultation

Governance and Audit Committee considered the contents of the report on September 28th 2023, regarding the process and performance of the Council's Compliments, Comments, and Complaints Annual Report 2022/23 and made recommendations for improvement to the annual report and management of complaints.

Background Papers
PSOW Annual Letter 2022-23
PSOW Principles of Good Administration and Record Management
Newport City Council Customer Feedback Policy Compliments Comments and Complaints
Compliments Comments and Complaints Annual Report 2021/22
Governance and Audit Committee meeting September 2023

Dated: 9 November 2023

Mae'r dudalen hon yn wag yn

APPENDIX

Compliments, Comments and Complaints Annual Report 2022/23

Contents

Executive Summary

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- In April 2023, the My Council Services system was updated to reflect the Newport City Council restructure. 2023/24 Complaints Annual Report will reflect this essential update.
- The absence of complaints does not necessarily indicate excellent services – just as an increase in complaints does not necessarily indicate poor services.
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Compliments (Corporate)

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Compliments (Social Services)

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- Work will commence in Quarter 4 2023/24 to deliver complaint workshops to teams

Comments

- 2693 comments were received 2022/23 compared with 4,267 received in 2021/22.
- We predicted in 2021/22 we would expect this figure decrease and notably there has been a 63% reduction in comments received for 2022/23.
- In July 2022 it was identified many service requests were being recorded incorrectly as a comment.
- We reviewed the customer journey and refined the process.
- The review resulted in a shorter customer journey. The requests are now sent directly to the service area, and not counted as a comment.
- This benefits service areas by providing a more accurate assessment of service demand, based on amounts of service requests logged.
- 1,416 of the 2693 comments received in 2022/23 were requests for service or missed collections
- We can expect this figure to decrease further in 2023/24, as we have recently removed the option of submitting service requests via the complaints form so that these are categorised correctly.

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- This increase is indicative of complaint recording process refinement and alignment with the PSOW model complaint handling policy.
- We are moving in the right direction and as a result of the implementation of the revised [Newport City Council Customer Feedback Policy, Compliments, Comments and Complaints](#) all complaints are recorded. Complaint figures are expected to increase as a result of this.
- We recognise that accurate complaint reporting is essential and since reviewing processes our figures have increased and we will continue to monitor under reporting and work with service areas to ensure complaints are captured and recorded.
- Where the PSOW identify low complaint rates per population size, they have the power to investigate procedures and can declare Authorities non-compliant.

Complaints (Social Services)

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- We note that Social Services complaints are lower than corporate complaint figures and will be working closely with managers in Social Services in Quarter 4 of 2023/24.

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- The PSOW reviewed 37 corporate complaints and 5 Social Services complaints. None were upheld.
- 8 of the 42 complaints required early resolution - this is where the PSOW asks us to take some further action to resolve based on their guidance.

Communications and Awareness Raising

- Complaints Handling training was delivered to 120 officers with ongoing delivery planned.
- Key stakeholders have been identified and prioritised, our closest working colleagues have worked with us to ensure that they understand and follow process.
- Further 3 sessions scheduled for delivery in October 2023.
- Induction Programme for new starters includes complaint handling processes.
- Process reviews have taken place with colleagues in Business Support Team, Contact Centre, Refuse & Waste and Wastesavers
- We will be reporting 6 monthly to senior managers through CMT for oversight and discussion.

Policy update

- The Feedback Policy: Compliments, Comments and Complaints was reviewed and updated. This was approved by Cabinet in March 2023. Changes included:
  - ➢ Policy streamlined and condensed
  - ➢ Processes outlined for Corporate & Social Service
  - ➢ Reduced timescales for corporate complaints
- Standardised complaint template responses are now in place.
- The Unacceptable Actions Policy review has commenced as per the update given to Governance and Audit Committee in March 2023. Research has taken place with colleagues in other LAs. Wider consideration is required to ensure that restrictions placed upon customers' interaction with the Council is proportionate, reviewed and NCC staff and members are protected in line with HR Policies and Health & Safety

- Our [Corporate Plan](#) outlines the importance of the views of communities and service users and this policy is one of the ways we support this.

Reporting Functions and recording

- Aligning My Council Services (MCS) closure categories with the complaint refusal reasons as outlined in the 'Feedback Policy: Compliments, Comments and Complaints'
- Reduction of categories for closing complaints
- Analysis of historical data highlighted many service requests had been logged as comments – notably in 2022/23 there has been a significant decrease of 73% in comments since 2021/22.
- New forms have been developed which allow residents to log service requests directly to Waste and Recycling.
- Service area restructure updated for Compliments, Comments and Complaints in April 2022

Equalities

- Optional equalities form introduced in April 2023. Residents can complete this form via MCS. Early analysis of completed forms has identified that contact with the Complaint Resolution Team was made predominantly by White residents aged between 25-34

Service Development highlights for 2022/23

- The Customer Feedback Policy: Compliments, Comments and Complaints Policy was reviewed, updated and approved by Cabinet
- Reviewed our customer journey pathway and streamlined processes which will benefit customers and colleagues when they are engaging with us
- Delivery of online training workshop to over 120 officers
- Collaboration with managers to improve services and processes
- Induction documentation for new Newport City Council officers updated to include complaint handling guidance

Actions for Improvement 2023/24

Below outlines the actions that the team will be undertaking in 2023/24 to improve the delivery of the service.

- Further development of My Council Services system to maximise its effectiveness for reporting
- Continue to rollout training for officers.
- Develop councillor complaint handling awareness session
- Identify under reporting of complaints and implement procedures to capture and record
- Work with colleagues in residential settings to align their complaint procedures with the revised Customer Feedback Policy
- Reviewing Independent Investigators contract documentation with colleagues from the All-Wales Complaints Officers Group
- Unacceptable Actions by Customer Policy review
- Work with Customer experience review to determine what lessons can be learned

The report detail can be found below:

Background

The Council values customer feedback and uses it as an opportunity to improve the services that we provide. The Council has a statutory requirement to process Corporate Complaints in line with Customer Feedback Policy: Compliments, Comments and Complaints and also a statutory obligation in line with the All-Wales Statutory Social Services Complaint Handling Process. The policies and procedures in place for Compliments, Comments and Complaints comply with the legislative requirements of the Welsh Language (Wales) Measure 2011 and associated standards, specifically ensuring that the Council promote the 'Active Offer'. Social Services statutory requirements remain in operation alongside the Corporate Policy to ensure they are aligning with Social Services Complaints Procedure (Wales) Regulations 2014 and the Representations Procedure (Wales) Regulations 2014, ("the Regulations").

This is the third report to the Committee. The purpose of this report is to provide an overview of the Compliments, Comments and Complaints for Newport City Council for the year 2022/2023 and how these are managed. Data is separated to provide detail for Corporate and Social Services Compliments, Comments and Complaints. The report contains Public Services Ombudsman for Wales (PSOW) statistics and details where action is required by the Council to address weaknesses and make improvements.

Complaints data recording is captured through the Council's primary Customer Relationship Management (CRM) system called 'My Council Services'. Compliments, Comments and Complaints are submitted through various channels; customers can log these via the Newport City Council My Council Services App, via email or through the Contact Centre. These are acknowledged via My Council Services by the Complaints Resolution Officers and all correspondence is stored securely in one place.

In April 2023, the My Council Services system was updated to reflect the Newport City Council restructure. 2023/24 Complaints Annual Report will reflect this essential update.

In line with best practise, the Council accepts corporate complaints provided they are submitted within 6 months. This is because it is better to look into concerns while the issues are still fresh in everyone's mind, which enables a thorough investigation to take place. We may, in exceptional circumstances, look at concerns which are brought to our attention later than this. We would, however, ask for evidence as to why these concerns were not brought to the Council's attention earlier. In any event, regardless of the circumstances, we will not consider any concerns about matters that took place more than three years ago. Social Services Complaints are accepted within a 12-month period, per the guidance produced by Welsh Government on handling Social Services' complaints.

The Complaints Resolution Team collaborate with and provide support to all service areas to enable them to compile complaint responses appropriately. We ensure that timescales are adhered to and work proactively with service areas to implement lessons learned.

Service development information outlining progress made in 2022/23 is provided and Actions for Improvement are set out for 2023/24. In 2022/23, The Complaint Resolution Team continuously evaluated and reviewed processes. This resulted in a more consistent approach to complaint recording and handling in both corporate and social services, without compromising the equity of support provided to the service areas.

As a result of the implementation of the revised Newport City Council Customer Feedback Policy, Compliments, Comments and Complaints all complaints are recorded. Complaint figures are expected to increase as a result of this. Where the PSOW identify low complaint rates per population size, they have the power to investigate procedures and can declare Authorities non-compliant.
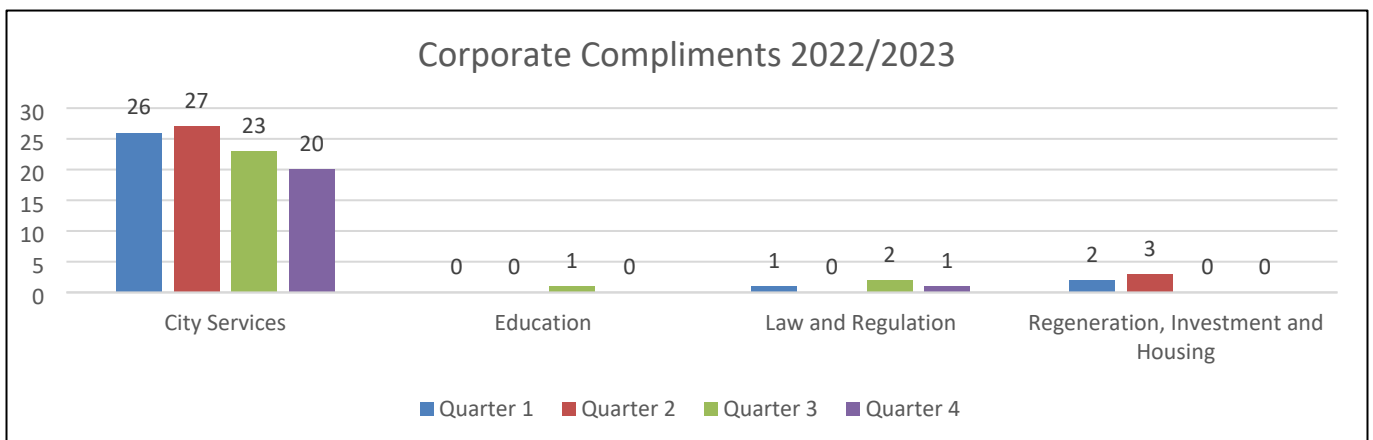
Compliments

Compliments (Corporate)

A total of 106 Corporate Compliments were recorded in 2022/2023, a 39% decrease since 2021/22. The opportunity to provide positive feedback is accessible to residents using improved webforms, the Council app or directly through customer accounts.

City Services received most of these compliments which is largely due to the high visibility of these services to the public and the high number of interactions with residents.

We anticipate an increase in the number of compliments captured for 2023/24, as a result of training delivered to service areas where participants were informed of how to share compliments with the Complaint Resolution Team for recording.

The graph below represents the number of compliments received by service area per quarter.

Corporate Compliments 2022/2023

Compliments (Social Services)

A total of 36 compliments were received for Social Services during 2022/23. A 9% increase since 2021/22. 88% for Adult Services and 11% compliments for Children's Services were received during this timeframe. Compliments received for care packages delivered at home, Occupational Therapy support services.

The graph below shows the breakdown by quarter:
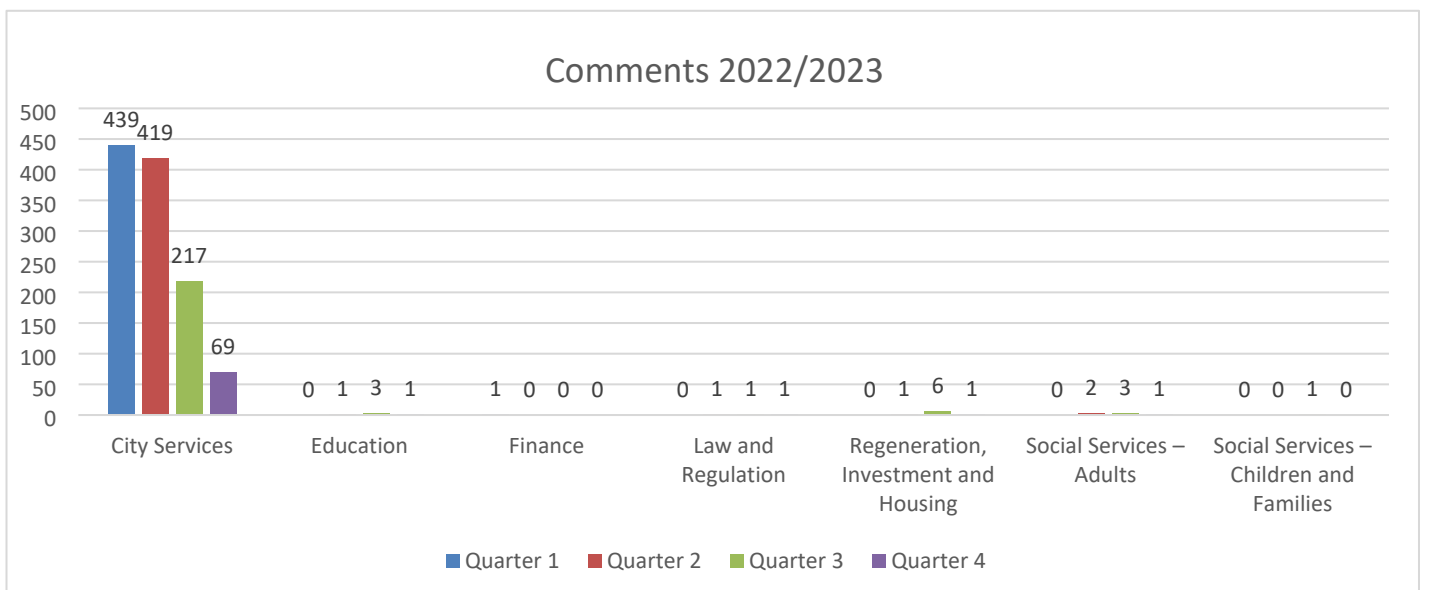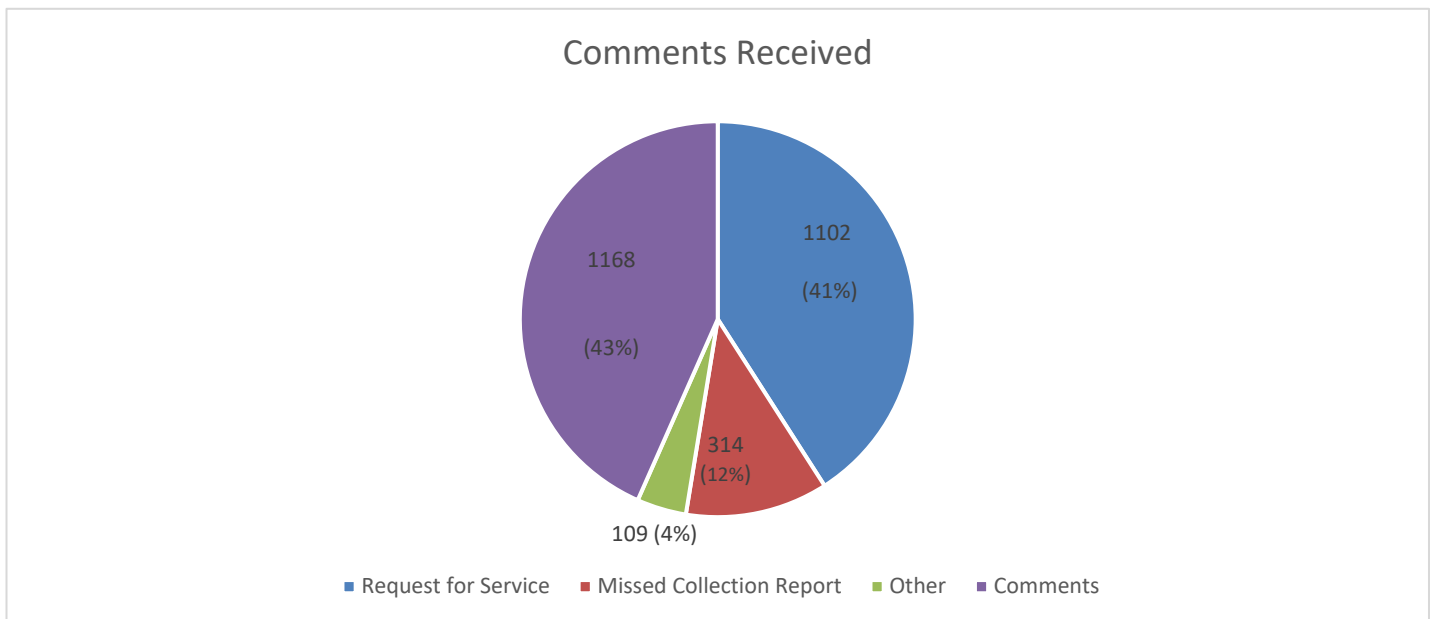

Social Services Compliments 2022/2023
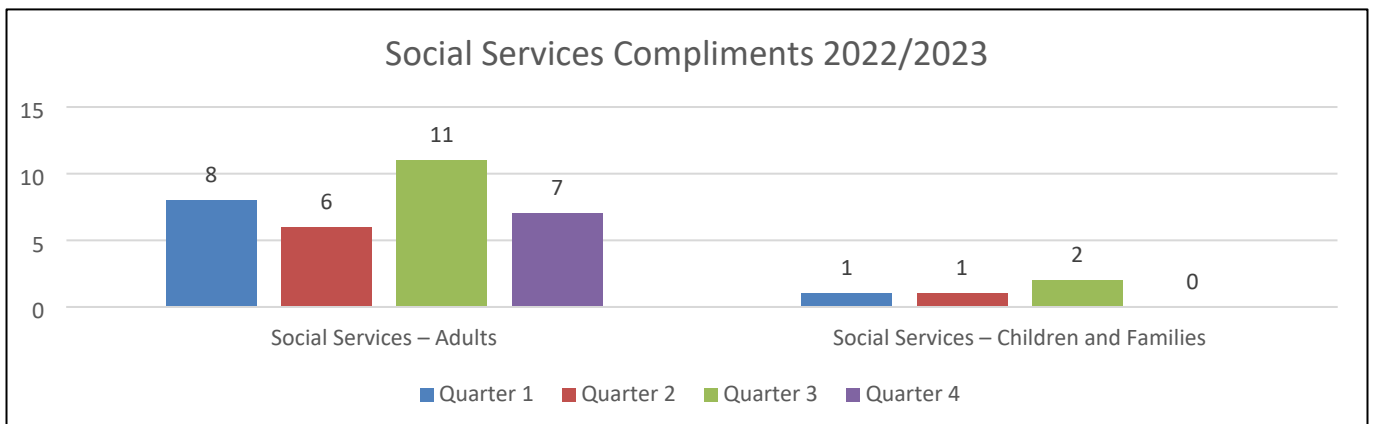
Comments

2693 comments were recorded during 2022/23. This is a 63% decrease since 2021/22.

In July 2022 it was identified many service requests were being recorded as comments. We reviewed the customer journey and refined the process. A new form was introduced in November 2022 for the Waste and Refuse team. By adapting the process, it enabled the Contact Centre to direct missed collection reports directly to the Waste and Refuse team.

This resulted in a shorter customer journey and, for reporting purposes, will demonstrate a more accurate assessment of service demand. This form was adopted by Wastesavers in March 2023.

Noted in the graph below 1,416 of the 2693 comments received in 2022/23 were requests for service or missed collections, 53%. This figure will decrease in 2023/24, as we have recently removed the option of submitting service requests via the complaints form so that these are categorised correctly.

109 duplicate comments were received, 4% - shown in graph as other.

Comments Received

Pie chart:
- Request for Service: 1102 (41%)
- Missed Collection Report: 314 (12%)
- Other: 109 (4%)
- Comments: 1168 (43%)

Comments 2022/2023

Bar chart (Quarter 1, Quarter 2, Quarter 3, Quarter 4):

Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4
City Services	439	419	217	69
Education	0	1	3	1
Finance	1	0	0	0
Law and Regulation	0	1	1	1
Regeneration, Investment and Housing	0	1	6	1
Social Services – Adults	0	2	3	1
Social Services – Children and Families	0	0	1	0

Complaints (Corporate) - Summary

Year	Stage 1 Complaint	Stage 2 Complaint	Stage 2 Complaint %	Ombudsman Complaint	Ombudsman Complaint %
2018/2019	271	28	9.36%	38	14%
2019/2020	354	33	8.53%	31	8.76%
2020/2021	261	39	9.50%	14	7.73%
2021/2022	271	31	11.44%	24	8.85%
2022/2023	341	46	11.88%	47	12.14%

Complaints (Corporate) - Stage 1 and Stage 2 Split by Quarter

Quarter	Q1		Q2		Q3		Q4		
Stage of Complaints	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Total
City Contact Centre	6	0	3	0	7	1	3	1	21
Communications and PR	0	0	0	0	1	0	0	0	1
Communities First	1	0	0	0	0	0	0	0	1
Complaints Team	0	0	1	0	3	0	11	1	16
Council Tax	6	1	5	0	6	2	9	1	30
Democratic Services	0	0	0	0	0	0	1	0	1
Education Welfare Team	0	0	0	0	1	0	0	0	1
Electoral Registration	0	0	0	0	0	1	0	0	1
Grounds Maintenance	4	0	1	1	3	0	3	0	12
Highways	2	0	0	5	6	1	7	4	25
Household Waste Recycling Centre	3	0	1	1	1	0	1	0	7
Housing, Planning and Regeneration	1	2	1	0	9	1	17	4	35
Licensing	0	0	0	0	1	1	1	0	3
Non-Domestic Rates (Business Rates)	0	0	2	0	0	0	0	0	2
Parking and Road Safety	2		1		5	1	0	0	9
Parks and Cemeteries	1	1	1	1	0	1	4	2	11
Planning / Building Control	0	1	0	0	2	0	1	1	5
Public Protection	0	0	1	0	3	1	3	1	9
Recycling Services	4	0	3	0	35	0	16	0	58
Refuse and Waste	33	0	27	0	24	0	19	1	104
School Transport	2	0	0	0	5	0	1	0	8
Special Educational Needs	0	0	3	1	0	1	0	1	6
Street Cleaning	0	0	1	0	1	1	2	0	5
Street Lighting	0	0	0	0	0	1	0	0	1
Transport and Roads	3	0	2	0	4	1	3	1	14
Website	0	0	0	0	0	0	1	0	1
	68	5	53	9	117	14	103	18	387

Statements below from service areas where complaint numbers are larger.

Refuse, Waste and Recycling - Newport City Council and Newport Wastesavers collects residual waste, garden waste, 6 separate recycling streams (cans and plastic, paper and card, glass, small electrical items, textiles, food waste) and hygiene waste from over 70,000 households on at least a fortnightly or three weekly schedule and received just 162 total complaints.

Over 40% of complaints received relate to missed collections of waste or recycling containers, followed by a quarter of complaints relating to the untidy return of containers to the kerbside after emptying into the collection vehicle. Complaints regarding litter make up only 1% of complaints received.

In 2023 NCC has reduced the frequency of residual and garden waste collections from every 2 weeks to every 3. Complaints regarding the change in collections policy amounted to 10% of those received.

City Services - The severe weather conditions during recent winters and in particular this winter has no doubt taken its toll on the adopted network. Greater than average reports of pothole repairs have been received than previous years and the level of customer complaints continues to increase. The lack of capital investment is a contributing factor on the condition of the adopted network. This has been echoed in both local and national press.
Operatives continue to work in difficult weather conditions to make sure the roads are safe in what has been a challenging year. We continue to work in reducing the pothole backlog.

Council Tax – This is one of the Council services that touches every household in the city at some point in the year. Correspondence issued includes the initial Council Tax bill, sent at the beginning of March to every household in Newport. If payments aren't received, then reminders, final reminders and final notices are sent to households. During these times, call wait times would often be lengthy, leading to complaints. In addition to this, call volumes increased due to additional financial assistance the Council was providing to residents in the form of to the cost-of-living payments that were administered on behalf of Welsh Government, leading again to increased demand across the service.

Housing, planning and regeneration - Complaints within Housing focused on delays in response times and assessment timescales, as well as homeless people, and those at risk of homelessness, requesting that their cases be prioritised. These complaints reflect the unprecedented housing pressures faced by Newport and councils across the UK. The service recognises the impact that these issues have on people in housing need and are committed to process of Transformation to improve services.

Contact Centre - Customer Service complaints during the period 2022/2023 were influenced by a number of factors, including a higher than average attrition rate, permanent reduction in staff numbers and the requirement to move a number of staff to Civic Centre Main Reception, which reopened once the lockdown was lifted. This meant there have been fewer staff on the phonelines resulting in increasing wait times.

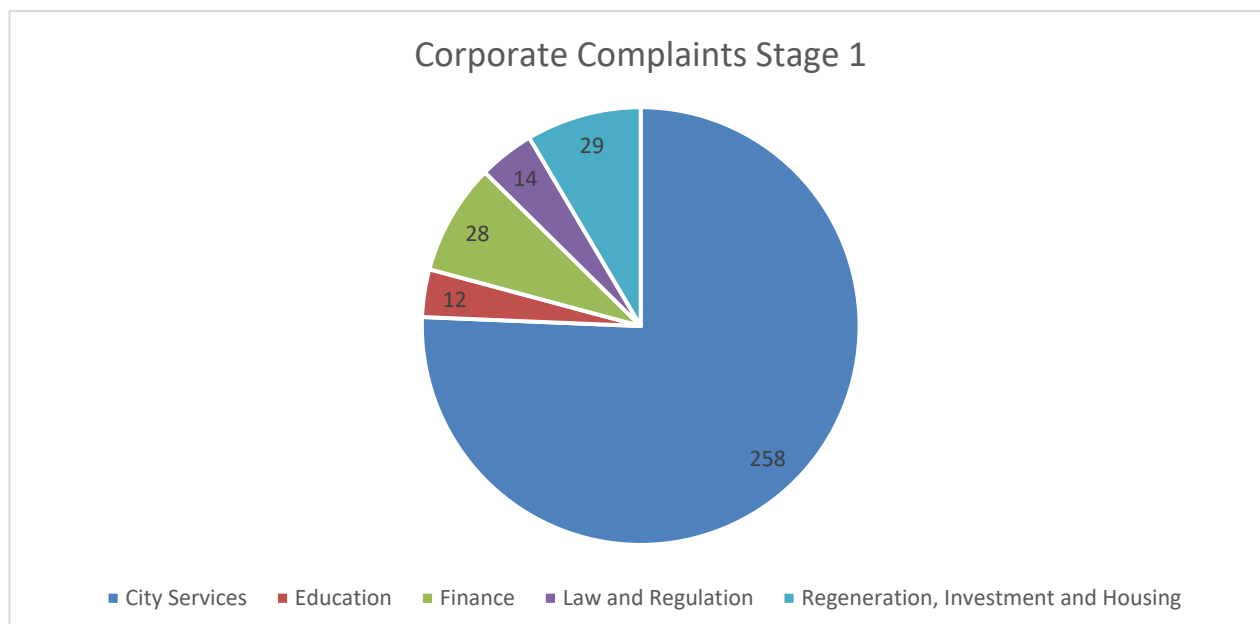# Complaint Analysis by Ward

This is the first time we have been able to analyse complaints by ward. This is at high level only at this stage and we plan to do more analysis on data from 2023/24, now we have improved the quality of the underlying data. At high level the range of the number of complaints by ward is from 7 to 59. If we factor in population, we have a range of 1.3 to 6.4 complaints per 1,000 residents.

Ward	Number of complaints	Population	Complaints per 1,000 Residents
Allt-Yr-Yn	59	9,192	6.4
Alway	15	8,830	1.7
Beechwood	15	7,890	1.9
Bettws	23	8,132	2.8
Bishton and Langstone	13	6,253	2.1
Caerleon	17	7,768	2.2
Gaer	14	9,133	1.5
Graig	20	6,274	3.2
Llanwern	14	5,196	2.7
Lliswerry	24	11,911	2.0
Malpas	10	7,746	1.3
Pillgwenlly	12	8,974	1.3
Ringland	14	8,344	1.7
Rogerstone East	9	3,791	2.4
Rogerstone North	7	4,852	1.4
Rogerstone West	10	3,037	3.3
Shaftesbury	23	5,250	4.4
St. Julians	20	8,844	2.3
Stow Hill	14	5,373	2.6
Tredegar Park and Marshfield	37	11,394	3.2
Victoria	13	8,263	1.6
Total	**383**	**156,447**	2.4

Please note that this is less than all complaints as some complaints were made from addresses outside of Newport City Council's boundary so are not included here.
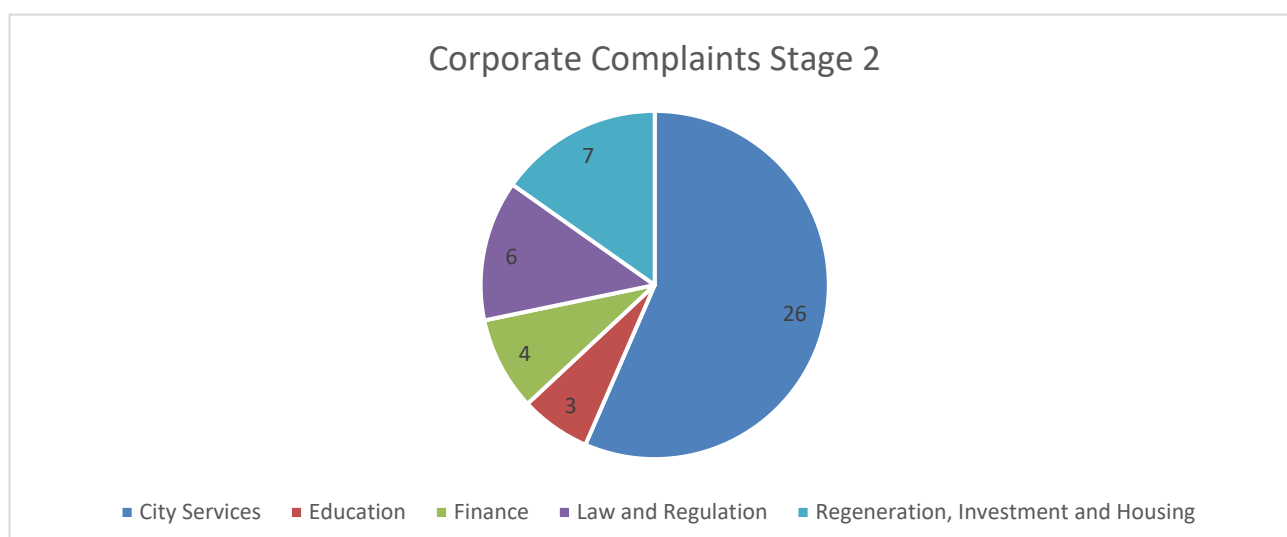
Complaints (Corporate) - Stage 1

- The breakdown below represents a total of 341 stage one complaints by service area for 2022/23, compared with 271 complaints resolved in 2021/22, 25.8% increase. 88% of corporate complaints were successfully resolved at stage 1.

Corporate Complaints Stage 1

- City Services
- Education
- Finance
- Law and Regulation
- Regeneration, Investment and Housing

(Pie chart values: 258, 12, 28, 14, 29)

Complaints (Corporate) - Stage 2

The breakdown below represents a total of 46 stage 2 complaints received by service area for 2022/2023. Compared with 31 complaints resolved in 2021/22. 48.4% increase

Corporate Complaints Stage 2

- City Services
- Education
- Finance
- Law and Regulation
- Regeneration, Investment and Housing

(Pie chart values: 26, 3, 4, 6, 7)

225 Corporate complaints were refused after assessment in line with Customer Feedback Policy, reasons included: -

- Attention of another agency, e.g. Newport City Homes, police
- Dealt with under a separate process - Disciplinary/ HR Processes/ Compensation claim
- Out of timescale, over 6 months
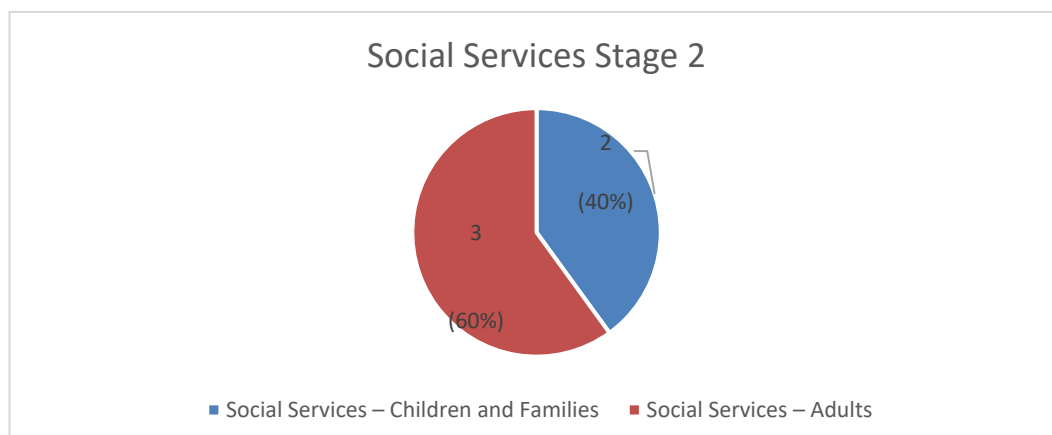
Complaints (Social Services)

Complaints (Social Services) - Stage 1

The chart below represents a total of 20 Stage 1 complaints received in 2022/2023 compared with 50 stage 1 complaints resolved in 2021/22, decrease of 60%. The highest number of complaints received involved People with Learning Disabilities Team.

Social Services Complaints Stage 1

8
(40%)
12
(60%)

■ Social Services – Children and Families   ■ Social Services – Adults
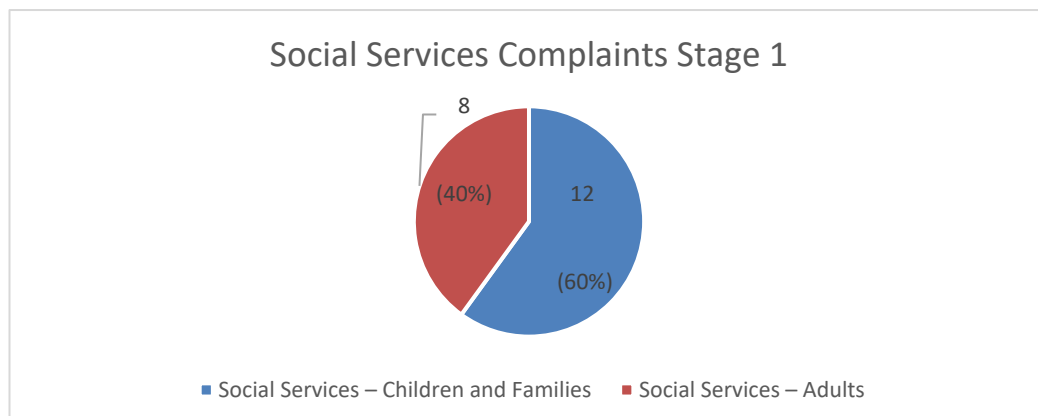
Complaints (Social Services) - Stage 2 Independent Investigations

There was a total of 5 formal stage 2 Social Services complaints received in 2022/2023, compared with 3 Stage 2 complaints resolved in 2021/22, 67% increase.

Social Services Stage 2

2
(40%)
3
(60%)

■ Social Services – Children and Families   ■ Social Services – Adults

48 Social Services complaints were refused after assessment, reasons included: -
- Safeguarding concerns
- Premature
- Legal proceedings underway

Complaints to Public Services Ombudsman for Wales (PSOW)

Complaints (Corporate) Ombudsman

During 2022/2023, the Ombudsman reviewed 37 corporate complaints, 7 of which were resolved at Early Resolution Stage. The remainder were closed for a variety of reasons including complaints being premature or out of jurisdiction. No Ombudsman complaints were upheld. Further details are in the table below.

PSOW prefer to be able to put things right for a complainant at an early stage. If it appears from their initial review of a complaint that something has gone wrong and that there is an obvious solution, the caseworker will often contact the Council and ask it to carry out one or more actions to resolve the matter. If the Council agrees, then the case will be closed without an investigation. PSOW expects the Council to provide evidence on the actions agreed to resolve the complaint)

To follow is a summary of a few complaints where early intervention measures took place.

- *Newport City Council was asked to apologise to complainant for a delay in responding to a complaint.*

- *Newport City Council were asked to apologise for damage caused to property and issue costs of £750 as financial redress for the avoidable inconvenience caused.*

- *Newport City Council were asked to waiver replacement fees for deed certificate.*

- *There were two instances whereby the PSOW asked Newport City Council to make contact with the complainant and reassess their complaint.*

Complaints (Social Services) Ombudsman

During 2022/2023, 5 Ombudsman Social Services complaints were made, of which 1 was resolved at Early Resolution stage. The 4 remaining were closed as premature, and for decisions made to not investigate.

Summary of Social Services Complaint Early Intervention measure noted below.

- *Newport City Council was asked to formally investigate complaint and provide detailed information regarding financial charges applied in an educational setting for provision of support services.*

Public Services Ombudsman for Wales (PSOW) Annual Letter 2022/23

PSOW intervention rate for 2022/23 for Newport City Council was 17% compared with 11% in 2021/22. Notably, across all statutory bodies in Wales, 1,020 complaints were referred to PSOW regarding local authorities last year - a reduction of 11% compared to the previous year.

The table below represents complaint outcomes made by the PSOW for 2022/23.

Newport City Council Complaint Outcomes PSOW	Number	Percentage
Out of Jurisdiction	5	10%
Premature	19	40%
Other Cases closed after initial consideration	14	29%

Early Resolution/Voluntary settlement	8	17%
Discontinued	1	2%
Other Reports - Not Upheld	1	2%
Other Reports - Upheld	0	0%
Public Interest Reports	0	0%
Special Interest Reports	0	0%
Total	**48**	**100%**

(Total number received is 48, however the Out of Jurisdiction and discontinued complaints are not included therefore the number of PSOW complaints investigated is 42 as detailed below)

The table below includes some measures including comparisons with previous years

Year	New Complaints Received by NCC	Received per 1000 Residents	Cases with PSOW Intervention	% of Interventions
2020/21	31	0.20	5	17%
2021/22	40	0.26	4	11%
2022/23	42	0.26	8	17%

PSOW Code of Conduct Complaints

Code of Conduct complaints regarding City Councillors and Community Councillors are dealt with under a separate ethical standard's regulatory framework. In accordance with Part III of the Local Government Act 2000, all complaints about breaches of the Member Code of Conduct are referred to the Ombudsman to consider whether any breach has been committed and, if so, whether that breach is serious enough to warrant any sanction. Serious breaches are then investigated and reported to either Standards Committee or the Adjudication Panel for Wales. Standards Committee have the power to suspend a Councillor for up to 6 months and the Adjudication Panel can suspend for up to 1 year or disqualify for up to 5 years.

All Code of Conduct complaints received by the Ombudsman are reported to Standards Committee, on an anonymised and confidential basis, and they are also notified of the reasons why the Ombudsman has decided not to accept or investigate the complaints. Standards Committee also receive a copy of the Ombudsman's Annual letter and they submit an Annual Report to full Council in November, which includes a summary of these complaints. Each quarter all local authorities in Wales report to the Ombudsman. Further details are included within the PSOW Annual Letter.

The Complaints Standards Authority (CSA) continued its work with public bodies in Wales last year, with more than 50 public bodies now operating within their model policy. They have also provided more than 400 training sessions since starting, with local authorities, in September 2020. They continue to publish complaints statistics into their second year, with data now published twice a year. This data allows us to see information with greater context – for example, last year 4% of Newport City Council's complaints were referred to PSOW.

PSOW continue to express that authorities and other organisations should not view complaints as negative. If complaints are too low questions may be asked around whether our processes are clear enough and whether customers are given enough opportunities and access points to raise these concerns. PSOW do not provide benchmarking, however they will support Local Authorities with advice and guidance.

We will continue to engage with the PSOW Complaints Standards work, accessing training for our officers, fully implementing the model policy, and providing complaints data.

Service Development

The Council is committed to developing the service provided to meet the legislation and to meet the expectations of residents who wish to submit their feedback.

Progress made in 2022/2023:-

- The Customer Feedback Policy: Compliments, Comments and Complaints Policy was reviewed, updated and approved by Cabinet. This is aligned to guidance issued by the Public Services Ombudsman for Wales
- Delivery of online training workshop to over 120 officers. These hour-long sessions included: - Policy overview, outline of the complaints handling process, an opportunity for staff to ask questions and receive guidance, discussion around a complaints case study.
- Induction documentation for new Newport City Council officers now includes details of complaint handling, and an introduction to the processes involved.
- Streamlined processes for residents in submitting requests
- Reduced options available when closing complaints and this has improved the quality of data being extracted.
- Worked with the Strategic Equalities Group which will continue throughout 2023/24 – included optional equalities questions for all residents when submitting feedback
- Supported service areas with streamlining and improving processes to reduce complaints.
- Reviewed our customer journey pathway and made some adjustments which will benefit customers and colleagues when they are engaging with us.

During 2023/2024, we will continue to work with service areas and refine our processes with My Newport Team and support colleagues in relevant service areas. The Council will also be commencing work on examining the customer experience and understanding the Council's strengths and weaknesses towards enabling people to complete transactions online, in person and also signposting to the other organisations to access the services they need.

Lessons Learned

- Working closely with service areas identifying reoccurring issues, themes and making changes to improve.
- Reducing callback requests by encouraging service areas to update customer notes on My Council Service system.
- More service area engagement to increase level of understanding in terms of the Ombudsman's powers and what they are looking to achieve.
- More supplier engagement to increase level of understanding of the Ombudsman. This is a significant piece of work that will be rolling year on year.

Actions for Improvement

Below outlines the actions that the team will be undertaking in 2023/24 to improve the delivery of the service.

- Further development of My Council Services system to maximise its effectiveness for reporting – this will be supported by improvements to the Council's website.
- Continue to rollout training for officers.
- Develop councillor complaint handling awareness session.
- Identify under reporting of complaints and implement procedures to capture and record.
- Work with colleagues in residential settings to align their complaint procedures with the revised Customer Feedback Policy.
- Reviewing Independent Investigators contract documentation with colleagues from the All-Wales Complaints Officers Group.

- Unacceptable Actions by Customer Policy review.
- Work with Customer experience to determine what lessons can be learned.

Report

Cabinet

Part 1

Date: 15 November 2023

Subject **Newport City Council response to external pressures impacting Council Services**

Purpose To present an update to Cabinet on the external pressures impacting on the delivery of Council services, and a summary of Newport City Council's response.

Author Policy and Partnership Manager

Ward All Wards

Summary This monthly report provides an update on the external pressures facing the council which include the cost-of-living crisis and increases in Covid-19 sickness absences.

As with previous months, collaboration and partnership working is key to supporting our citizens and therefore this report provides information on how this way of working is enabling a greater access for our residents to support, advice, and guidance.

Proposal Cabinet to consider the contents of the report on the Council's activity to respond to the external factors on Newport's communities, businesses, and council services.

Action by Executive Board and Corporate Management Team

Timetable Immediate

This report was prepared after consultation with:

- Head of Prevention and Inclusion
- Head of Housing and Communities
- Deputy Head of Education
- Head of Finance
- Head of Law and Standards
- Head of People, Policy, and Transformation

Signed

Background

This report provides Cabinet members with a monthly update on the key pressures facing Newport communities, businesses, and council services along with information on how the Council is collaborating with our partners and communities to support those in need across the city.

Recent survey results from the Office of National Statistics demonstrate the cost-of-living crisis continues to impact upon citizens across the UK, with 52% of adults saying their overall cost of living had increased compared with a month ago, and 67% of adults reporting spending less on non-essentials because of the rising cost of living. However, this was down from 79% during a similar period one year ago.

A recent YouGov poll found that 36% of people aged 65+ in Great Britain described their financial situation as being worse than a year ago, with a further 14% saying it continues to be as bad as last year.

In addition, the latest Index of Private Housing Rental Prices shows private rental prices paid by tenants in Wales, increased by 6.9% in the 12 months leading up to September 2023. This was the highest of all the countries in Great Britain and up from 6.5% in the 12 months to August 2023.

Following last month's update on Covid-19 related sickness, officers are monitoring increase in cases, which are reported corporately, so to understand and where possible manage any disruption to service delivery. Although across the Council sickness levels due to COVID19 indicate no significant current disruption to service delivery, we are seeing impacts especially in schools and across social service delivery.

Cost of Living Crisis

As mentioned in last month's report, a survey was shared widely to gather a broader view and feedback from a wider cohort of communities in Newport on how they are managing the cost-of-living crisis, and how organisations could improve on what is available to support families and individuals. 570 responses were received from all wards across the city, providing a rich and mixed overview.

Key findings from this survey found –
- Just below 80% reported to be very anxious/worried about the increase in energy prices and cost of living crisis.
- 79% reported there was not enough information available to support them in managing the cost-of-living crisis.
- Just over half 56% felt they were able to access the information that was available.
- Help with food and energy costs were the top themes reported.
- Additional cost of living payments were identified as positive sources of help and support; however respondents went on to say more is needed.
- In terms of what would help people to manage, respondents reported improved wages, lower rent, and affordable accommodation as well as lower food costs amongst various other suggestions.

NCC and Partner Support

Advice, guidance, and support events have been supported by NCC officers and partners during October with further events planned in November. Examples of activities and support offered during this month include –

- Older Persons event held 2 Oct at Riverfront. 180 people attended.
- Supermarket and shopping vouchers distributed via the Carers Support Fund.
- Newport Live memberships allocated to carers to support wellbeing.
- To support families who may not access or be aware of other services and support available, officers from our education teams and other council services are encouraging and supporting schools to host education anti-poverty roadshows as part of their open evenings/parental consultations.
- Monthly drop-in sessions at Maindee Primary School to provide advice & information to anyone experiencing housing difficulties or are at risk of homelessness.

- Half term activity sessions including lunches organised with spaces for up to 170 children and young people.
- Housing Advice Service daily drop-in sessions at the Museum and Central Library.
- Cost Of Living dedicated email address, signposting flyer, and directory available and promoted as means of support for all residents.

The formal launch of the Building a Fairer Gwent report by the Institute of Health Equity on 31 October ignited the regional commitment to address health inequality across communities with NCC's Officer Anti-Poverty Steering Group providing oversight and evaluation of implementation and outcomes within Newport.

National Support
The UK Government has confirmed the next means tested cost of living payment of up to £300 will be processed by the Department for Work and Pensions (DWP) between 31 October and 19 November. It is estimated 23,100 households in Newport will be eligible for this payment. The announcement also confirms eligible pensioner households will also receive a further £300 payment later this year as an addition to the Winter Fuel Payment.

On 24 October, the Living Wage Foundation announced a 10% increase in the Living Wage to £12. It is estimated this will benefit over 22,800 workers in Wales working for 550 Living Wage-accredited employers. The Council's commitment to working towards Newport becoming a living wage city helping people out of poverty and provide opportunities to retrain, learn new skills and find long-term work is one of the priorities within our Corporate Plan.

Other initiatives include:

- Warm Home discount providing eligible households with one-off discount of £150 on electricity bills reopened in October.
- Ofgem Price cap dropping from £2,074 to £1,923 for dual fuel households.
- Winter Fuel Payment of £300 for eligible individuals
- Warm Wales 3-month discount on water bills for working families whose total household income is less than £50,000 (not available for those on a water meter or Help U Scheme)

Homelessness and Financial Resilience
Pressures on housing and homelessness services in the city continue to be a concern, with the lead reason for homelessness continuing to be due to loss of rented accommodation followed by parent/ relative/ friend no longer willing to accommodate.

The number of households in temporary accommodation continue to rise due to the lack of affordable settled accommodation for move on. The lack of suitable temporary and supported housing is also impacting on the ability to support those sleeping rough in the city.

Ukrainian Support Scheme
Our officers are working with our partners and Welsh Government and have made significant progress in moving on Ukrainian guests from their Initial Accommodation provided by Welsh Government at a local hotel. As part of the Welsh Government task force, this is focused on finding housing solutions for those currently living at the hotel.

Home Office Streamlined Asylum Process and 7-day notice.
To date, Newport has not seen the anticipated increase in decision making by the Home Office highlighted in last month's report. Officers continue to liaise with the Home Office to seek accurate and timely information on decisions made as this could cause a significant pressure on services if the expected decisions and potential homelessness presentations occur between now and the end of this year. A cross services officer group are meeting regularly to monitor the situation and prepare for any increase in demand.

Risks

Risk Title / Description	Risk Impact score of Risk if it occurs* (1-5)	Risk Probability of risk occurring (1-5)	Risk Mitigation Action(s) What is the Council doing or what has it done to avoid the risk or reduce its effect?	Risk Owner Officer(s) responsible for dealing with the risk?
Cost of Living impact on Council services	4	4	See this report on the Council's response to the cost-of-living crisis.	Corporate Management Team
Homelessness and housing concerns across the city.	4	4	See this Report on the Council's response to these issues	Corporate Management Team, Head of Housing and Communities, Director of Social Services

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

- Corporate Plan
- Strategic Equalities Plan

Options Available and considered.

1. To consider and note the contents of the report on the Council's response.
2. To request further information or reject the contents of the report.

Preferred Option and Why

1. To consider and note the contents of the report on the Council's response.

Comments of Chief Financial Officer
The report highlights examples of support which is available to citizens who are struggling with the cost-of-living crisis. Whilst a significant amount of this specific support is funded from UK Government and Welsh Government, certain factors are having an impact on the Council's finances, both in the short term and across the medium-term. Evidence of this can be seen via the financial pressures upon the Housing & Communities budget, driven by the high levels of homelessness in the city.

In the context of an extremely challenging medium-term horizon, budget managers and Heads of Service will be expected to continue to monitor the impact of the external factors included in this report, especially in areas where grant funding ends, and work with Finance colleagues to escalate any material financial implications and report them where relevant. This will need to also include plans to mitigate any issues, as far as is possible.

Comments of Monitoring Officer
There are no legal issues arising from the report. Any specific legal implications will be addressed as part of the Council's operational responses to the key issues identified in the report.

Comments of Head of People, Policy, and Transformation
The cost-of-living crisis continues to impact on our residents and this report provides information on how we are working collaboratively to help mitigate where possible. In-line with the Wellbeing of Future Generations Act, officers and partners are working to ensure short term support is provided alongside a focus on long term resilience.

The council is continuing to consider HR implications for our workforce and working with all service areas closely during this period.

Scrutiny Committees
Not applicable as this an information only report and no decision is required from the Council.

Fairness and Equality Impact Assessment:
Not applicable as this is an information only report and no decision is required.

- ## Wellbeing of Future Generation (Wales) Act
Long Term – The short term actions the Council is taking now is considering the longer-term impacts which the cost of living is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.
Collaborative – Newport Council is working collaboratively across the organisation and our external public, private, third sector, voluntary, and housing sectors.
Integration – The actions that the Council and is taking supports the Council's organisational priorities for community cohesion, early intervention, and prevention. This also supports the Welsh Government's priority for Wales being a nation of sanctuary.
Involvement – We are involving communities and residents who are providing vital front-line support and helping vulnerable / disadvantage households, and refugees. The Council is also providing regular updates and communications to those impacted by the cost-of-living crisis.
Prevention - The short term actions the Council is taking now is considering the longer-term impacts which the cost of living is having on communities and businesses in Newport. Newport Council alongside partners are providing financial and non-financial support to help households and businesses.

- ## Equality Act 2010
Consideration of protected characteristics as detailed within the Equality Act has informed the activities and support provided.

- ## Socio-economic Duty
The support provided is fully congruent with the requirements of the socio-economic duty.

- ## Welsh Language (Wales) Measure 2011
All information is provided bilingually.

Consultation
Not applicable

Background Papers
Monthly reports to Cabinet.

Dated: 01 November 2023

Mae'r dudalen hon yn wag yn

Report

Cabinet

Part 1

Date: 15 November 2023

Subject   **Cabinet Work Programme**

Purpose   To report and agree the details of the Cabinet's Work Programme.

Author   Governance Team Leader

Ward   All Wards

Summary   The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The current work programme runs to May 2024, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Governance Team Leader brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Proposal   **To agree the updated work programme for 2023/24**

Action by   Governance Team Leader

Timetable   Immediate

This report was prepared after consultation with:

- Chief Officers
- Monitoring Officer
- Head of Finance
- Head of People, Policy and Transformation

Background

The purpose of a work programme is to enable Cabinet to organise and prioritise the reports and decisions that are brought to each meeting. Effective forward planning by Cabinet also impacts positively upon the Council's other Committees, in particular Scrutiny, because work needs to be coordinated on certain reports to ensure proper consultation takes place before a decision is taken.

The Wales Audit Office's Corporate Assessment of Newport City Council, published in September 2013, highlighted the need to "strengthen committee work programming arrangements to ensure they are timely, meaningful, informative, transparent, balanced, monitored, and joined up". Since that report was published, these monthly reports have been introduced to provide Cabinet with regular updates on its work programme, and the opportunity to comment upon and shape its priorities as an executive group. The Democratic Services team have also been working to improve the links between this and other work programmes under its management (eg Council, Scrutiny, Audit) to ensure the various programmes are properly coordinated.

The current work programme runs to May 2024, but it is a working document. It is important that the work programme is owned and prioritised by Cabinet Members directly, so each month the Cabinet Office Manager brings a report updating Cabinet on any changes, so that the revised programme can be formally approved.

The updated work programme is attached at Appendix 1.

Financial Summary

There is no direct cost to adopting a programme of work.

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?
No action taken	M	L	Work programming arrangements are in place to ensure they are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.	Head of Democratic Services
The process is not embraced by report authors and members	M	M	If there is proliferation of unplanned or late items, the opportunity to ensure work programming is timely, meaningful, informative, and transparent, balanced, monitored, and joined up will diminish	Head of Democratic Services

Links to Council Policies and Priorities

These proposals will help the Council provide the best possible service to members and will provide information to the public and elected members.

Options Available and Considered

- To adopt the process and adopt or amend the work programme
- To consider any alternative proposals raised by Cabinet members
- To take no action

Preferred Option and Why

To adopt the proposals which should help to ensure work programming arrangements are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.

Comments of Chief Financial Officer

There are no financial implications in adopting a programme of work.

Comments of Monitoring Officer

There are no legal implications in adopting a programme of work.

Comments of Head of People, Policy and Transformation

There are no specific HR implications in adopting a programme of work. The principles of open and transparent governance are consistent with the Council's Corporate Plan and objectives under the Well-being of Future Generations (Wales) Act.

Local issues

There are no local issues as this report relates to the Council's processes.

Scrutiny Committees

Monthly update reports allow the Scrutiny and Cabinet work programmes to be better coordinated. The Scrutiny team and Members are currently developing new ways of working through the new Committees, and continually reviewing the work programmes to focus more on risk and ensure all scrutiny activity has a defined purpose and constructive outcome.

Equalities Impact Assessment and the Equalities Act 2010

This does not apply to this procedural report.

Children and Families (Wales) Measure

This procedural report does not impact on Children and Young People although certain reports contained in the programme may do and will need appropriate consultation and comment when they are presented to cabinet.

Wellbeing of Future Generations (Wales) Act 2015

This is a procedural report but reports contained within the programme will need to show how consideration has been given to the five things public bodies need to think about to show they have applied the sustainable development principle put into place by the Act.

Consultation

As set out above

Background Papers

Dated: 27 October 2023

Mae'r dudalen hon yn wag yn

Cabinet

Work Programme: June 2023 to May 2024

Meeting	Agenda Items	Lead Officer
Cabinet 14/06/23	▪ Director of Social Services Annual Report ▪ Annual Safeguarding Report ▪ 2022/23 Treasury Management Year End Report ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary Document (for information/ awareness) ▪ Work Programme	▪ CD: SS ▪ CD: SS ▪ HoF ▪ CX/HPP&T ▪ HPP&T ▪ GTL
Cabinet 12/07/23	▪ 2022/23 Revenue Budget Outturn ▪ 2022/23 Capital Outturn and Additions ▪ Welsh Language Annual Report ▪ Corporate Risk Register Update (Q4) ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ HPP&T ▪ HPP&T ▪ CX/HPP&T ▪ GTL
Council 18/07/23	▪ Council Appointments ▪ 2022/23 Treasury Management Year End Report ▪ Welsh Language Annual Report ▪ Director of Social Services Annual Report ▪ Annual Safeguarding Report ▪ IRP Annual Report ▪ Review of Standing Orders	▪ GTL ▪ HoF ▪ HPP&T ▪ CD: SS ▪ CD: SS ▪ HL&S ▪ HL&S
Cabinet 13/09/23	▪ Revenue Budget Monitor ▪ Capital Budget Monitor ▪ Replacement Local Development Plan ▪ Demolition of Millbrook Primary School ▪ Corporate Risk Register Update (Quarter 1) ▪ Climate Change Annual Report ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary of Business ▪ Work Programme	▪ HoF ▪ HoF ▪ HR&ED ▪ CEdO ▪ HPP&T ▪ HE&PP ▪ CX/HPP&T ▪ HPP&T ▪ GTL
Council 26/09/23	▪ Council Appointments ▪ Replacement Local Development Plan ▪ Climate Change Annual Report ▪ Market Arcade PSPO ▪ Maesglas PSPO ▪ Scrutiny Arrangements for SE Wales CJC	▪ GTL ▪ HR&ED ▪ HE&PP ▪ HE&PP ▪ HE&PP ▪ HL&S

Cabinet 18/10/23	▪ Gwent Regional Partnership Board Area Plan/Gwent Regional Partnership Board Annual Report ▪ Bassaleg Bridge ▪ Corporate Plan 2022/27Annual Report (Annual Corporate Wellbeing Self-Assessment included) ▪ Strategic Equality Plan Annual Report ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ CD: SS ▪ HCS ▪ HPP&T ▪ HPP&T ▪ HPP&T ▪ GTL
Cabinet 15/11/23	▪ September Revenue Budget Monitor ▪ Capital Programme Monitoring and Additions ▪ Treasury Management Half Yearly Monitoring Report ▪ Council Tax Premiums Report ▪ Leisure and Wellbeing Project Update ▪ Annual Digital Report ▪ Annual Compliments, Comments and Complaints ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ HoF ▪ HoF ▪ HR&ED ▪ HPP&T ▪ HPP&T ▪ CX/HPP&T ▪ GTL
Council 28/11/23	▪ Council Appointments ▪ Treasury Management Half Yearly Monitoring Report ▪ Gwent Regional Partnership Board Area Plan/Gwent Regional Partnership Board Annual Report ▪ Strategic Equality Plan Annual Report ▪ Corporate Plan 2022/27 Annual Report ▪ Governance and Audit Annual Report ▪ Democratic Services Annual Report ▪ Standards Committee Annual Report	▪ GTL ▪ HoF ▪ SD: SS ▪ HPP&T ▪ HPP&T ▪ HoF ▪ HL&S ▪ HL&S
Cabinet 13/12/23	▪ 2024/25 Revenue Draft Budget and MTFP: Final Proposals ▪ Corporate Risk Register Update (Quarter 2) ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HPP&T ▪ CX/HPP&T ▪ GTL
Cabinet 10/01/24	▪ Revenue Budget Monitor ▪ Capital Monitor ▪ Western Gateway ▪ New Leisure and Wellbeing Centre ▪ Mid-Year Performance Update ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary Document (for information/ awareness) ▪ Capped Nine (KS4 School Outcomes) ▪ Work Programme	▪ HoF ▪ HoF ▪ HR&ED ▪ HR&ED ▪ HPP&T ▪ CX/HPP&T ▪ HPP&T ▪ CEdO ▪ GTL

Council **23/01/24**	▪ Council Appointments ▪ Council Tax Reduction Scheme ▪ Schedule of Meetings 2024/25 ▪ Mayoral Nomination 2024/25	▪ GTL ▪ HoF ▪ GTL ▪ GTL
Cabinet **14/02/24**	▪ 2024/25 Capital Strategy and Treasury Management Strategy ▪ 2024/25 Revenue Budget and MTFP: Final Proposals ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HoF ▪ HoF ▪ CX/HPP&T ▪ GTL
Council **27/02/24**	Budget: ▪ Council Appointments ▪ 2024/25 Council Tax and Budget ▪ 2024/25 Capital Strategy and Treasury Management Strategy ▪ National Non-Domestic Rates: Discretionary Relief: High Street Relief Scheme 2024/25 ▪ Gwent Wellbeing Plan	▪ GTL ▪ HoF ▪ HoF ▪ HoF ▪ HPP&T
Cabinet **13/03/24**	▪ Corporate Risk Register Update (Quarter 3) ▪ Pay and Reward Statement 2024/25 ▪ EAS Business Plan ▪ NCC External Pressures - Cost of Living ▪ Work Programme	▪ HPP&T ▪ HPP&T ▪ CEdO ▪ CX/HPP&T ▪ GTL
Cabinet **10/04/23**	▪ Annual Corporate Safeguarding Report ▪ Safer Newport Plan ▪ Gwent Serious Violence Strategy and Plan ▪ NCC External Pressures - Cost of Living ▪ One Newport Summary Document (for information/ awareness) ▪ Work Programme	▪ HCS ▪ CX/HPP&T ▪ HPP&T ▪ HPP&T ▪ HPP&T ▪ GTL
Council **23/04/24**	▪ Council Appointments ▪ Safer Newport Plan ▪ Gwent Serious Violence Strategy and Plan ▪ IRP Annual Report ▪ Pay and Reward Statement	▪ GTL ▪ HL&S ▪ HPP&T ▪ HPP&T ▪ HPP&T
Cabinet **15/05/24**	▪ NCC External Pressures - Cost of Living ▪ Digital Strategy – Annual Report ▪ Work Programme	▪ CX/HPP&T ▪ HPP&T ▪ GTL
Council **07/05/24**	AGM: ▪ Council Appointments	▪ GTL

Mae'r dudalen hon yn wag yn