Pecyn Dogfennau

Agenda

Newport City Council

Ddydiad: Dydd Iau, 29 Chwefror 2024

Amser: 5.00 pm

Lleoliad: Siambr y Cyngor, Canolfan Ddinesig

At sylw: **Pob Aelod o'r Cyngor Dinas**

HYSBYSIAD GWE-DDARLLEDU

Gall y cyfarfod hwn gael ei ffilmio ar gyfer darllediad byw neu ddarllediad wedi hynny trwy wefan y Cyngor.

Ar ddechrau'r cyfarfod, bydd y Maer neu'r Person sy'n Llywyddu yn cadarnhau os yw cyfan neu ran o'r cyfarfod yn cael ei ffilmio. Efallai y bydd y delweddau a recordiad sain yn cael eu defnyddio hefyd at ddibenion hyfforddiant o fewn y Cyngor.

Yn gyffredinol, nid yw'r ardaloedd eistedd cyhoeddus yn cael eu ffilmio. Fodd bynnag, wrth fynd i mewn i'r ystafell gyfarfod a defnyddio'r ardal seddau cyhoeddus, rydych yn rhoi caniatâd i chi gael eich ffilmio a defnydd posibl o rhai delweddau a recordiadau sain ar gyfer gwe-ddarlledu a/neu ddibenion hyfforddiant.

Os oes gennych unrhyw ymholiadau ynghylch hyn, cysylltwch â Rheolwr Democratiaeth a Cyfathrebu

Eitem		**Wardiau dan Sylw**
1.	Rhagofynion	
2.	Cofnodion *(Tudalennau 5 - 20)*	
3.	Materion yr Heddlu	
4.	Treth y Cyngor a Chyllideb 2024/25 *(Tudalennau 21 - 170)*	All Wards
5.	Strategaeth Gyfalaf a Strategaeth Rheoli'r Trysorlys 2024/25 *(Tudalennau 171 - 232)*	All Wards
6.	Trethi Annomestig Cenedlaethol - Rhyddhad Dewisol: Cynllun Rhyddhad y Stryd Fawr 2024/25 *(Tudalennau 233 - 252)*	All Wards
7.	Cwestiynau i Arweinydd y Cyngor	

Mae'r dudalen hon yn wag yn

Minutes

Council

Date: 23 January 2024

Time: 5.00 pm

Present: Councillors C Reeks, S Cocks, E Stowell-Corten, J Harris, A Screen, L James, T Harvey, M Howells, P Bright, J Peterson, A Pimm, D Batrouni, D Jenkins, P Drewett, B Davies, S Adan, M Pimm, C Baker-Westhead, J Reynolds, R Howells, A Sterry, J Jones, G Horton, J Cleverly, P Cockeram, D Davies, M Al-Nuaimi, M Evans, D Fouweather, D Harvey, M Kellaway, M Linton, D Mayer, R Mogford, J Mudd, M Spencer, K Thomas, C Townsend, T Watkins, J Clarke, Y Forsey, P Hourahine, J Hughes, J Jordan, L Lacey, S Marshall, A Morris, F Hussain and B Perkins

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1. **Preliminaries**

1.i Apologies

Councillors Whitehead and Routley.

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1.ii Declarations of Interest

Councillor Mogford declared an interest in relation to Item 10.
Councillor Reynolds declared an interest in relation to Item 5.

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1.iii Presiding Member's Announcements

This is the last meeting for Elizabeth Bryant, Head of Law and Standards who is leaving to work for Plymouth Council. The Presiding Member and council colleagues wished her all the very best for the future.

The Presiding Member requested a minute's silence for the recent passing of former Councillor Margaret Cornelious' husband Ken.

2. **Minutes**

The Minutes of the last meeting held on 28 November 2023 were accepted subject to the following:

Councillor Lacey was in attendance at the meeting of 28 November, this was corrected for the approved Minutes.

3. **Appointments**

To consider the proposed appointments set out in the report.

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Councillor Clarke moved the appointments set out in the report, as agreed by the Business Managers as set out below.

Councillor Reeks seconded the report.

Resolved: That the following appointments be agreed.

Governing Body Appointments

Governing Body	**Appointments/ Resignations**	**Name**
Pillgwenlly Primary School	Reappointment	Edward Watts
St Mary's RC Primary School	Reappointment	Charles Ferris
Ysgol Gymraeg Ifor Hael	Reappointment	Jan Cleverly
Ysgol Gymraeg Casnewydd	Reappointment	Alan Speight
Ringland Primary School	Transferred to alternative governor role	Shaninoor Alom
Ringland Primary School	Appointment	Stacey Drew

4. **Police Issues**

The Presiding Member introduced Superintendent J White of Gwent Police, who provided Council Members with an update on police issues within East, West, and Central Newport.

The Presiding Member invited the Leader to address Superintendent White.

The Leader welcomed Superintendent White's feedback on acquisitive theft, which was a positive outcome for shop owners.

There was concern raised by residents and ward councillors regarding the crossing outside the school on Almond Drive. Could the police add this to their patrols and provide more police presence.

The Superintendent would raise this with Inspector Welty and would make sure that maximised efforts were in place going forward.

<u>Questions to the Police raised by Councillors:</u>

- Councillor Morris asked if there was a definitive guide on what was allowable concerning parking on pavements. The Superintendent advised that the pavement formed part of the highway and if the car straddled the pavement and road where there are double yellow lines, then the Local Authority was responsible for enforcing penalties. If, however, the vehicle was causing an unnecessary obstruction or harm by parking in a dangerous position this could be dealt with by the Police. The Superintendent was happy to discuss in further detail outside of the meeting.

- Councillor Al-Nuaimi paid tribute to Inspector for the city centre, Richard Shapland who kept Stow Hill ward members informed on the incidents in relation to shoplifting and the recent cannabis seizure. Inspector Shapland had also attended a recent ward meeting. The Superintendent thanked Councillor Al-Nuaimi for raising this and would convey his thanks to the Inspector.

- Councillor James referred to drug dealing on Wheeler Street, residents raised concerns regarding needles found outside residents front doors. Councillor James said residents had raised this with Shaftesbury ward members and police for six months. The Superintendent confirmed that Inspector Welty had returned to that area which would strengthen the support in Shaftesbury. The Superintendent also encouraged residents to link in with local community support officers and report issues as the police appreciated the importance of community led intelligence. The Superintendent said that he would contact Inspector Welty and this would be acted upon.

- The Presiding Member was pleased that Inspector Welty was coming back to Shaftesbury and also wanted to pass on his thanks on behalf of residents. The Superintendent mentioned that positive outcomes were measured by performance and that Inspector Welty would be contacted to link in with Councillor James.

Councillor Hourahine mentioned that the Superintendent's predecessor talked about new initiatives coming into Newport regarding off road bikes. Councillor Hourahine asked if the Superintendent could look into what could be done regarding a pro-active response from police. The Superintendent highlighted that the most important action was prevention of sales of these bikes, and this needed to be addressed with better legislation. It was a nationwide issue and Inspector Giles was the force lead in seizing bikes in Newport, with far more seizures than anywhere else. This is an ongoing challenge and as well as prevention, it was also about using proportionate tactics and there would be more activity in the coming weeks.

5. **Notice of Motion: Protected Characteristics for Care Experienced People**

The Presiding Member invited the Leader of the Council to introduce the motion, with Councillor Marshall to second:

Newport City Council acknowledges that the Children and Young People's Education Committee established by the Senedd Welsh Parliament recommended that care experience becomes a protected characteristic in UK legislation and supports the Corporate Parenting Charter in Wales which the Welsh Government has recently published inviting other public sectors organisations to become a Corporate Parent for care experienced children and young people in Wales.

This council notes:

- *Care experienced people face significant barriers that impact them throughout their lives.*

- *Despite the resilience of many care experienced people, society too often does not take their needs into account.*

- *Care experienced people often face discrimination and stigma across housing, health, education, relationships, employment and in the criminal system.*

- *Care experienced people may encounter inconsistent support in different geographical areas.*

- *As corporate parents, councillors have a collective responsibility for providing the best possible care and safeguarding for the children who are looked after by us as an authority.*

- *As corporate parents Newport Council will commit to acting as mentors, hearing the voices of care experienced children and young people and to consider their needs in any aspect of council work.*

- *Councillors will be champions of the children in our care and challenge the negative attitudes and prejudice that exists in all aspects of society.*

This Council therefore resolves:

- *That it recognises that care experienced people are a group who are likely to face discrimination.*

- *That it recognises that Newport Council have a duty to put the needs of disadvantaged people at the heart of decision-making through co-production and collaboration.*

- *That future decision, services and policies made and adopted by the Council should be assessed through Equality Impact Assessments to determine the impact of changes on people with care experience, alongside those who formally share a protected characteristic.*

- *That in the delivery of the Public Sector Equality Duty the Council includes care experience in the publication and review of Equality Objectives and the annual publication of information relating to people who share a protected characteristic in services and employment.*

- *To formally call upon all other bodies to treat care experience as a protected characteristic until such time as it may be introduced by legislation.*

- *For the council to continue proactively seeking out and listening to the voices of care experienced people when developing new policies based on their views.*

Councillor Mudd reserved the right to speak at the end of the debate.

Councillor Marshall reserved the right to speak at the end of the debate.

<u>Comments of Councillors:</u>

- Councillor Davies mentioned that whilst protected characteristics were acknowledged under the Equalities Act 2010. Sadly, care experience is not one of these characteristics, whilst evidence showed it is clear that this has a life changing impact. There is discrimination against those growing up in the care system and the outcomes of children growing up in care has been extensively researched. There is a clear pattern of lower educational attainment and less likelihood of transitioning to higher education, as well as lower outcome of health and general wellbeing. Adults with care experience are overrepresented in socially excluded populations, such as prisons, homeless people, and sex workers. Councillor Davies therefore formally supported the motion to call upon other bodies to treat the care experienced as a protected characteristic and more importantly pro-actively seek out and listen to the voices of care experienced people to help support policies and actions going forward.

- Councillor Harvey added that care experienced children should be treated the same as children at home, who would not necessarily leave a family home at 16 years old and therefore supported the motion.

- Councillor Hourahine was pleased that this motion came from a resident of St Julian's ward and the Social Services' team had embraced and thoroughly researched this. If this motion was passed, Newport would be paving the way for future generations.

- Councillor Lacey was delighted to support the motion. Many care leavers had life experience that made them resourceful and resilient and would make them an asset to further education or in the workplace and should be supported by their Corporate Parent.

- Councillor Drewett thanked the young people in the public gallery for supporting the motion today and for Rowan Aderyn who came up with the idea. This motion would strengthen the corporate parenting function and change the policy to support former care leavers. If this motion was passed it would be the catalyst for other councils in Wales and therefore, Councillor Drewett strongly supported the motion.

- Councillor Hughes, as Cabinet Member for Social Services (Adult Services) confirmed that councillors had met the Pathway to Independence team and the children who were the future of Newport earlier that day. As a Corporate Parent the Council has a duty to those in care and therefore supported the motion.

- Councillor Corten supported the to be passed.

- Councillor Evans also supported the motion and mentioned that care leavers were at risk of homelessness, adding that it was imperative that the council set out a clear plan for social housing and support with employment and education.

- Councillor Reynolds was happy to support the motion. This motion went so far to addressing issues experienced by young people leaving care. and Councillor Reynolds was therefore proud to support the motion and hoped it was passed unanimously.

- Councillor Marshall spoke to both support and second the motion to recognise 'Care Experienced' as a protected characteristic within the framework of the Council's commitment to Diversity and Equality.

  Councillor Marshall was glad to note that Newport City Council was always a trailblazer in promoting and celebrating principles of diversity and equality, and today we had the chance to take another bold step forward. This was amongst the growing momentum in Wales to acknowledge 'Care Experienced' as a protected characteristic aligning with our commitment to inclusivity and reflected a broader societal understanding of the challenges faced by care experienced individuals.

  The recent Independent Review of Children's Social Care in England, led by Josh McCallister, highlighted the need to make care experience a protected characteristic.

  . As corporate parents, we have a collective responsibility to provide the best possible care for the children looked after by our authority.

  In conclusion, this motion represented a progressive and compassionate step forward for our council. Councillor Marshal urged colleagues to consider this proposal, with Newport leading the way in Wales, setting an example for other councils to follow.

- The Leader of the Council thanked all colleagues that spoke to the motion. The Leader spoke not only as a Leader of the Council and a Corporate Parent, but also as a mother and grandmother. The Leader was privileged to give Mike Foster, The Pride of Gwent, Life's Time Achievement award in December for his service to fostering over 50 young people, giving them stability to their lives.

  The Leader also shared words with Councillor Colleagues from Rowan and Terry:

  Every 15 minutes a child leaves care, they are twice as likely to be unemployed, ten times more likely to experience homelessness, face a 70% increased chance they will die prematurely, and if they do make their way into the world of work experience one of the biggest pay gaps in the UK.

Tonight, I stand before you, not just as one of those children, but as a testament to their resilience and potential.

Growing up “fostered" wasn't just a label; it was a whisper that followed me through school hallways, a doubt in the eyes of teachers, a barrier blocking certain opportunities.

In high school I really wanted to take four A-levels, but my dream was met with resistance. Teachers would say “You already have so much on your plate.” I had to have meeting after meeting to justify why I should be supported. It was an action born of kindness, but behind those words was a message that I should limit my potential, that I should not expect to achieve as much as my peers, and not because I didn’t have the grades but simply because I was fostered.

I am here to ask you to rewrite the narrative for all care-experienced children. I was lucky I refused to be defined by limitations. I fought for my chance, and with the support of some wonderful people I have continued to learn and grow. I have achieved a highly successful career as a Lead Business Architect for one of the largest financial firms in the UK, and succeeded in completing a long list of qualifications including a master’s degree for which I earnt a distinction.

My story thankfully is not unique, however examples like these are often seen as the exception when they should be the norm. Care-experienced individuals possess immense strengths and perspectives, yet we face systemic disadvantages across health, housing, education, and employment.

These are not the only spaces where care experienced people face barriers. Even recently, at a local club, a member of the committee told me “We don't want care-experienced children or adults here." These aren’t isolated incidents; and they by no means the worst examples I have heard. They are echoes of a system that doesn't see care experience as valid, as deserving of equal chances.

Tonight, we have the opportunity to change this narrative. By recognizing care experience as a protected characteristic, we send a powerful message: "We see you. We value you. And we are committed to building a future where you can thrive, alongside everyone else."

And before we build that future, let's take a moment to acknowledge the incredible people who brought us here.

Without foster care I simply would not be alive today. Without the social workers, and the doctors, and the police and the teachers who worked to create a safe space where I could grow, I would not be sat here with you. And all the wonderful things I have achieved and the beautiful family who I am so very proud of would have remained just a dream.

So to the foster parents who open their homes and hearts, to the social workers who fight for our safety, to the educators who see our potential, and to the employers like mine who break down barriers, and to every single voice that joined this chorus for equality – thank you. Your courage, your unwavering support, your belief in us is the foundation on which this movement stands.

Terry ignited this change over two years ago and tonight we ignite that spark in Wales.

But our journey isn't over. By recognizing care experience as a protected characteristic, we provide the focus to continue to build a better future for these children and where focus flows, progress follows. We will enable a conversation, encourage consideration, and safeguard the future lives of so many. As we embed this recognition throughout *processes and communities our efforts will unlock opportunities for these children to thrive.*

This is about investing in our entire community. Studies show that supporting care-experienced individuals leads to better economic outcomes, stronger families, and a more cohesive society. It's not only about fairness, justice, and equity.

I stand before you not just as a product of the system, but as a testament to its potential. Today, let's vote yes, let's build a future where every child, regardless of their background, has the chance to thrive. With the right support, every care-experienced person can realise a future they may only dream of. Let's invest in their futures and the futures of all those yet to come. Together we can.

Finally, the Leader mentioned John Griffiths MS, Jayne Bryant MS, Cabinet Members, Councillor Hourahine, Rowan and Terry for sharing their stories and everyone present at Council today. For those reasons the Leader therefore supported the motion.

Resolved:
That Council unanimously supported the motion.

6. **Council Tax Reduction Scheme**

The Presiding Member invited the Leader to present the first report which detailed the Council Tax Reduction Scheme for 2024-25 that required Council approval.

Council Tax Reduction provides reductions for low-income households reducing the council tax they are liable to pay.

Unlike in England, there is an all-Wales scheme that provides a framework for assessing applications and removes the postcode lottery that could result from individual schemes.

The all-Wales scheme, along with some discretionary areas must be approved annually by Council.

The report today also laid out some technical amendments to the scheme. The technical amendments to the scheme are relatively minor in nature and cover the annual uprating of personal allowances and non-dependant deductions, as well as some technical regulation changes as detailed in the report.

There are areas where the Council has discretion in the operation of some aspects of the scheme which are beneficial for both the Council and recipients of the reduction.

If the scheme in the report is not formally adopted, the discretionary areas would be lost, and the default standard all-Wales scheme would instead apply.

Councillor Harvey seconded the report.

<u>Comments of Councillors:</u>

- Councillor Davies mentioned that Newport had one of the lowest Council Tax in Wales, however, there are always residents that would struggle to pay for a variety of reasons. It is important that those receiving benefits applied for support. The money specifically set aside in the Council budget supports these individuals. This also applies to those eligible for discount such as people living alone, or those who had been assessed as mentally impaired, entitling them to 25% reduction in payments. Registered Carers in receipt of carers allowance are also eligible.

Resolved:
Council unanimously approved the Council Tax Reduction Scheme for 2024/25 in accordance with the Council Tax Reduction Schemes (Prescribed Requirements and Default Schemes) (Wales) (Amendment) Regulations 2013 ("the Prescribed Requirements Regulations") exercising its local discretions as indicated in the report.

7. **Council Tax Premiums**

The Presiding Member invited the Leader to present the next report which dealt with long-term empty and second homes in the city and the possibility of introducing Council Tax premiums for these properties. Increasing demand for housing and the shortage of housing in the city have ‘financial’ costs to the Council and ‘societal’ costs in terms of the impact of this on individuals and families.

In addition to a general lack of available housing, Newport has a large number of unoccupied properties that remained persistently high: Council Tax premiums, if introduced, would encourage owners to take steps to bring their properties back into use.

At its January meeting and following a public consultation exercise, Cabinet decided to recommend that Council should adopt the proposal to introduce council tax premiums for both long-term empty properties and second homes in the city. The report set out the proposal.

Council tax premiums, if introduced would see owners of second homes and those that left properties empty for more than a year charged additional council tax.

The objective was to encourage owners to take steps to bring properties back into use.

Whilst second homes are fewer in number, a consistent approach should be taken for these underused properties.

The report summarised the support from the public for both of these changes to go ahead as noted in the 470 responses gathered during the public consultation.

The report therefore included recommendations to adopt council tax premiums in Newport, for both second homes and long-term empty properties.

The legislation provided some exceptions that prevented a premium being charged in some circumstances. Following feedback from the consultation and to address stakeholders’ concerns, some additional limited ‘local’ exceptions were also recommended.

Comments of Councillors:

- Councillor Evans had mixed views on the report and referred to figures in the corporate plan as inadequate. Whilst he recognised that radical action was needed, empty properties are a complex issue which may not be addressed under this approach. Whilst there were statutory exemptions to the payment of premiums, a more pragmatic approach should be taken. There are only 15 second homes in Newport and Councillor Evans did not believe that their council tax should double and may not be worth collecting or chasing. Councillor Evans was not against taking reasonable actions against the backlog of empty properties blighting the city but could not support the changes regarding second homes and would therefore abstain from supporting the report.

- Councillor Davies referred to empty homes abandoned in Newport and commented that one house that was in a state of disrepair and seen as a blight by neighbours could be utilised for one of over 9,000 registered people in Newport needing affordable homes additionally these homes being used could also prevent anti-social behaviour. There were 2,565 empty properties.

- Councillor Clarke mentioned that the position in Newport was similar throughout UK. Newport wanted to work with property owners and by working together, produce positive outcomes. We also had to listen to residents of Newport and in the consultation, it showed this was what they wanted.

- Councillor M Howells declared an interest at this stage and referred to 3.1 in the report on Registered Social Landlords (RSL) and strategic empty properties ear marked for large scale development. Cllr Howells queried whether the council would develop a policy to balance the needs of homes and future developments. Scrutiny colleagues would be aware of this as social landlord properties remaining empty had been raised at Performance Scrutiny Committee - Place and Corporate that. This was also something that residents complained about to ward members in Lliswerry. The report mentioned that Policy would be developed to deal with this. Councillor M Howells wanted clarification on whether this would go to full Council for ratification or would it be dealt with at Performance Scrutiny Committee - Place and Corporate. Additionally, in relation to this, Councillor M Howells would like to see council take this further as it was a problem in Newport and would like to see reports that looked at ear marked properties for redevelopment, and if they could be used for temporary accommodation. Finally, Cllr M Howells queried whether business properties could also be utilised or repurposed for those seeking homes.

Councillor Drewett, Councillor Adan, Councillor Corten and Councillor Harvey spoke to support the motion.

- Councillor Evans asked for a point of clarification regarding second homes consultation, as the figures were different to that in relation to the consultation regarding empty homes.

- The Leader thanked colleagues for engaging actively in the debate and listened carefully to the comments made. As a Council regulatory and statutory powers could be put in place such to bring about change. As a listening council this is the change that residents have asked for. The toolkit has been in place for some time and an action plan is now needed to provide incentive and guidance for people to strengthen this. This was about working together, and the Leader thanked the Revenue and Benefits Manager for working hard on the report. The next steps with RSL partners was to further develop and seek their views to create a policy, which would come back to Performance Scrutiny Committee – Place and Corporate in due course.

Resolved:

Council considered Cabinet's recommendation to introduce council tax premiums for long term empty properties. Council therefore moved a recommendation to introduce Council Tax premiums in line with paragraph 3.1 outlined in the report, from 1 April 2024 for long-term empty homes and 1 April 2025 for second homes at a rate of 100%.

8. **Governance and Audit Annual Report**

The Presiding Member invited the Strategic Director, Transformation and Corporate to present the report.

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The was the first Annual Report from Newport's Governance and Audit Committee. The report looked at work undertaken by the Committee in the year 2022/23 and represented best practice.

The role and function of the previous Audit Committee was changed as a result of the Local Government and Elections (Wales) Act 2021. This created the Governance and Audit Committee as it currently stood. The terms of reference of the Committee were included within Appendix 1 of the report.

The committee consists of three Lay Members – Mr Gareth Chapman (Chair), Mr Don Reed (Vice Chair) and Dr Norma Barry, along with five Elected Members, Councillors Cocks, Harris, Horton, Jordan, and Mogford.

The Strategic Director thanked all Members of the Committee for their challenge and assessment of various governance arrangements. This is a critical part of the Council's assurance processes and the robust work of the Committee should provide a level of comfort to Council regarding collective management of financial controls, risk, and governance arrangements.

The report summarised the key activities undertaken by the Committee during 2022/23.

The Annual Report concluded that the Committee acted in accordance with the requirements set out in the Local Government and Elections (Wales) Act 2021 and discharged its legislative duties.

Councillor Evans seconded the report.

Comments of Councillors:

- Councillor Cocks as a member of Governance and Audit Committee reflected on the thoroughness of internal audit and officers. It also gave a tremendous view of the work of the officers during a difficult financial climate and how well they delivered services.

Resolved:
- Council accepted that the Governance and Audit Committee had met its legislative responsibilities and agreed the Committee's annual report.
- Council thanked committee members for their robust challenge and hard work during the year.

9. **Schedule of Meetings 2024/25**

The Presiding Member introduced this item to Councillor colleagues providing the dates for committee meetings for 2024/25.

Resolved:
To adopt the schedule of meetings as the basis for arrangements for May 2024 to May 2025, recognising it is subject to change and amendment to meet the needs of the work programmes of each committee or other group.

10. **Mayoral Nomination 2024/25**

Presiding Member asked the Leader to present this item regarding the nomination of the Mayor for 2024/25.

The Leader formally moved Councillor Ray Mogford as the Mayor for the municipal year 2024/25, which was seconded by the Opposition Leader, Councillor Matthew Evans.

Councillor Mogford was councillor for Langstone Ward since 2012 and sat on a number of committees including Planning, Governance and Audit Committee and is currently the Chair of Democratic Services Committee.

Councillor Mogford is also on the board of governors for Langstone and Llanmartin Primary Schools.

The Leader took the opportunity to wish both Ray and Sallie all the very best for their term in the Mayor's office for 2024/25.

The Leader of the Opposition, Councillor Evans also supported the nomination of Councillor R Mogford as Mayor for 2024/25.

Resolved:
Council supported the nomination of Councillor R Mogford as Mayor.

11. **Questions to the Leader of the Council**

Before Commencement with questions, the Leader made the following announcements to Council:

Tata announcement

At the end of last week, Tata made its shattering announcement of massive job losses in its steel businesses in the UK, mainly in Port Talbot whose employees include Newport residents.

Its statement also talked about potential redundancies in Llanwern steelworks here in the city.

The council understands that up to 300 jobs could be lost at Llanwern steelworks over the next few years while 2,500 people are to lose their jobs in Port Talbot. This is another terrible blow for an industry that was once so important to the economy of Newport and South Wales.

I am sure we are all thinking of those workers, and their families, who now face yet another period of uncertainty while waiting to find out how the announcement will affect them.

Our work and skills team will be available to offer advice and support to our residents who are facing redundancy, at either Llanwern or Port Talbot, when they need it.

Warm Spaces

I am pleased to update colleagues that we have again been able to support the provision of warm spaces in Newport this winter.

To date, 16 grants have been awarded to community groups across the city offering a safe, welcoming, and comfortable environment to residents who may be struggling to heat homes or who are at risk of isolation.

In partnership with GAVO, more than £35,000 has already been given using funding from the UK government's Shared Prosperity Fund.

It follows the success of a similar scheme last year when grants were given to 21 groups who delivered 448 sessions, attended by more than 6,300 people.

This is just one of the ways that we are supporting organisations and residents during the ongoing cost-of-living crisis.

There is an incredible amount of excellent work across the city with support being provided by our staff and partners. This has included providing shopping vouchers, Newport Live memberships and pantomime tickets for carers, and financial assistance to food banks.

Another of those initiatives was a wide range of free activities for families and children that were held across the city during the recent school Christmas holidays. And as an added benefit, we were also able to partner with Newport Bus to offer free transport for those sessions.

Christmas tree collections

We also kicked-off the new year with another positive scheme – the collection of real Christmas trees.

Residents were able to book a free doorstep collection – over 2,000 bookings were made, and every tree has made its way to our in-house composting facility to be chipped and composted.

New and improved play areas

Earlier this month I was honoured to join the Heddlu Bach students from Malpas Court Primary, the Mayor and Mayoress and Cabinet colleagues to mark the completion of the new and improved Darwin Drive play area in Malpas.

The play area has benefitted from a complete replacement of the play equipment and flooring, as well as a repainting of the fence.

New play equipment installed on site includes multi-play areas for toddlers and juniors, a seesaw, new swings, and a wheelchair accessible roundabout.

It is the latest play area to be upgraded as part of the council's programme of investment in improving play areas across Newport.

Every play area included in the programme will be upgraded following consultation with local residents, so that their needs and preferences are considered at all stages of the work.

Consultations are now open for play areas in Shaftesbury and St Julians, so please make sure to visit our website and have your say.

Crackdown on illegal tobacco and vapes

Last week our trading standards team once again took part in a multi-agency operation as part of an ongoing crackdown on illegal tobacco and vapes.

Officers have been extremely successful in uncovering these operations, seizing the illegal products, getting the premises closed and obtaining prosecutions.

I cannot say much more as these latest raids are subject to ongoing investigations, but it shows our determination to root out these businesses which are often used to fund criminal activities.

I would like to thank the dedicated officers involved in this work and our partners.

Half-term activities

I have already mentioned the successful family activities held over the Christmas period - over the February half-term school holiday, council teams, including our youth and play workers, will once again be running free events for children. These will include inclusive activities for all the family, quiet and sensory sessions.

Information about what is happening in the next half-term break will be publicised as soon as all the details are available, and I would encourage members to spread the word locally. The events take place in different venues and are open to children from across the city.

Finally, on behalf of Newport City Council liked to say a huge thank you to Newport County on their One-Nil victory over Wrexham over Rodney Parade at the weekend. As well as good luck to manager and players for FA game at Newport against Manchester United.

Leader's Questions

Councillor Evans:
Because of the 15 Minute limit, opposition members felt that they did not have the opportunity to ask questions, therefore Councillor Evans declined the opportunity to raise a question.

Councillor Morris:
When would the Leader get a grip of the council budget, cut out the waste and start providing value for money for services and provide realistic rate increases that would not hurt the people that were represented.

Response:
The Leader pointed out to colleagues that this was not the budget debate but was the regular questions to the Leader and was therefore unable to comment upon as the results of the consultation which had not been completed as yet.

The Leader however made some general points on the budget and on finances for all members. Last month, on 12 December, there was a training session made available to all members on the finance and the budget. A similar training session took place the previous December. These were two opportunities for members develop an understanding of local authority finance. Whilst training was in place, there was a difference between revenue, capital, and reserves in relation to budget. The Head of Finance could provide a more detailed note to members to help them understand the difference between reserves and ear marked reserves.

The Leader also made a point on budget underspend, the progress was regularly reported to Cabinet and Council on progress against the Medium-Term Financial Plan (MTFP). As we know, in any given year, there may be a fluctuation in expenditure. As an example, for this year, and at this point in time, it had been reported back on the increased cost of social care, the increased pressure with homelessness and how it impacted spending. Report had been presented on numerous occasions that there was an overspend at the point in time in those areas. At the moment in time of the meeting, the forecast remained an overspend due to the pressures on service provision. It was important to understand that whilst the financial year ended on 31 March, Cabinet was not able to consider reconciled accounts until in June or July and this was where an overspend or underspend would be gleaned. If the Council was still at an overspend at this point, then provision must be made, which was Finance must be regarded as something that is flexible and not consistent at any one point in time and when considering spending patterns, particularly around the revenue budget, related to forecast of expenditure. The Leader once again proposed that ahead of the finance debate, the Head of Finance would circulate a briefing note to elected members setting out the basics in relation to finance, to give them confidence in their contribution to discussing the budget.

Councillor Drewett:
Could the Leader provide an update on the Newport City events calendar and demonstrate the positive impact of these events across the city.

Response:
The Leader was pleased to recommend that councillors look at the Newport Events webpage. This is open to all groups and different businesses and voluntary sectors to load their events to the page. This means that there is a contemporary calendar of events happening across the city. The Leader is proud of this development which brought everything together for citizens and visitors.

In terms of evidence, it is difficult to capture but the Leader is pleased to advise that according to data from the official counting software, footfall in the city centre for the period to the end of October 2023 was 5.3% ahead of the first 10 months of 2019. This was the last trading year before Covid. We were therefore starting to see a recovery and the software used helped to highlight the difference that the impact events made. The Leader was proud of the statistics and across Wales the footfall for the same period was down by 13% and in the UK as a whole was down by almost 14%. Most of these events were free of charge and provided opportunities for citizens to attend events, it also helped to put Newport on the map. According to the Business Improvement District (BID) the countdown to Christmas event attracted almost 9,000 visitors, this made a difference to business and visitors to shop in the city centre during this time.

There was a number of notable events in 2023, such as the Welsh National Armed Forces Day, seeing families and young people engage in activities and the free concert in the evening was incredible. Other events that took place was the Big Splash, Pride in the 'Port, Food Festival and Newport Rising and the wonderful torch lit parade. Newport, as a City Council was getting behind groups and individuals to make our city a destination for everybody. Businesses were starting to develop across the city because of events and as councillors, we should not lose site of the benefits the event calendar can bring. The Leader was looking forward to seeing colleagues going to events during 202, particularly, the 80th Year Anniversary of D Day.

12. **Questions to the Cabinet Members**

Question 1: Cabinet Member for Infrastructure and Assets

Councillor Reeks:
The proposed 2024/2025 budget is looking to raise revenue by increasing charges across car parks including the Kingsway Centre car park by 9%, potentially putting off more shoppers from heading into the city centre.

Would the Cabinet Member not agree with me that by better managing the car park itself, such as not having the lighting running all night and opening up the car park on all Rodney Parade match days to bring more trade into the car park, then potentially more revenue could be raised, and shoppers would not be penalised for bringing their trade into the city centre?

Response from Councillor Lacey:
Kingsway car park provides an excellent facility for visitors to the city, being a modern car park close to the City's attractions. The facility, which utilises energy efficient lights, operates emergency level lighting when the car park is not in use. Along with our other work in reducing the carbon emissions of the Councils activities such as the increase in our own EV fleet, we are currently progressing a scheme to install a solar panel system on the roof of Kingsway that will provide energy for the car park.

The car park is typically open everyday bar Christmas Day and New Year’s Day, with opening on Boxing Day being considered on an annual basis. As such, any demand from Rodney Parade match days would be accommodated apart from those two days per year. In the event of Kingsway being closed, the Council’s other surface car parks will be available.

Question 2: Cabinet Member for Climate Change and Biodiversity

Councillor Mogford:
Within the previous NCC corporate plan (2017-2022) it was stated “We have restored the “Pride in Newport” waste and litter programme and established zero tolerance initiatives for fly tipping throughout the city.”

In a recent response to my ‘question at any time’ regarding worrying levels of fly tipping in the city the Cabinet Member simply stated “With regards to fly tipping Newport has the second highest successful prosecution rate in Wales”

However, if we look closely at the statistics for the previous period 2022/2023 (source Welsh Government) there were 5,631 investigations carried out by NCC and less than 40 fines issued (of which only 14 prosecutions made).

Can the Cabinet Member confirm that continuing on as part of the corporate plan and now on their watch; this NCC administration has really established and maintained a zero-tolerance approach to fly tipping and if so, why does the Cabinet Member think the trend remains one of increasing fly tipping across Newport?

Response from Councillor Forsey:
The Council has, over the last few years, increased the resources available to tackle fly tipping, with the expansion of the waste engagement and enforcement team. There has also been increased work with partner organisations and volunteer groups, and a number of key projects such as covert operations or the successful Road to Nature project.

The Council actively encourages people to report fly tipping, and the waste team carry out proactive routes and monitoring of hotspots. While all this can lead to an increase in the number of incidents recorded and reported, it is the right approach to ensure fly tipping incidents are adequately managed, and more importantly it has resulted in a significant increase in the number of actions taken as a result.

Actions cover a wide range of activities and in many cases, officers cannot reach the Fixed Penalty Notice or prosecution stages due to the lack of evidence, as there are set rules that need to be followed and the legal process is complex. This is why the level of sanctions issued across UK has traditionally been and still is low, however Newport City Council has improved dramatically over the last few years and this trend continues.

This concluded the meeting of full council. Date of next meeting for Council would be Thursday 29 February 2024.

Mae'r dudalen hon yn wag yn

Report

Council

Part 1

Date: 29 February 2024

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

Purpose To review the Cabinet's final budget proposals / Council Tax increase for 2024/25 and agree the Council's budget, resulting Council Tax increase and Council Tax resolution for 2024/25.

Author Head of Finance

Ward General

Summary Following recommendation by Cabinet of their 2024/25 budget requirement, the Council needs to review and decide on the Council's budget and resulting Council Tax increase for 2024/25.

Cabinet met on the 14 February 2024 and finalised detailed budget recommendations. This report sets out their recommended 2024/25 budget, resulting service cash limits and Council Tax increase and the Council's general reserve and contingencies. An increase in Council Tax of 8.5% (to £1,497.44 per annum at Band D) for Newport City Council is recommended. This is an increase on Council Tax of £1.75 per week, £2.01 per week and a £2.26 per week increases for Band B, C and D properties respectively.

Building on the medium-term projections approved in March 2023, the budget process has presented a distinct set of challenges this year, building on the unprecedented circumstances of the last few years, and the drastic economic changes and inflationary increases on a scale never seen before. From this, Cabinet have approved a package of investments and savings and are recommending a Council Tax level to Council which will balance the budget for 2024/25.

The Council's business and financial planning is underpinned by the Council's Corporate Plan. The plan will be supported by a Transformation Plan and other plans to achieve the outcomes within it. Work on developing a Transformation Plan and associated governance arrangements is in progress and some individual projects have already started. Whilst this will form a key part of the strategy for addressing the budget gap in the future, it will not in itself deliver the quantum of savings required over the medium term. Therefore, further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability.

Section:

6 2024/25 proposed Council Tax

Appendix:

Appendix 1	Service area budgets
Appendix 2	Precepts and council tax
Appendix 3	Council tax resolution
Appendix 4	Medium term financial plan (MTFP)
Appendix 5	Risks and financial resilience
Appendix 5a	Projected earmarked reserves
Appendix 6	Reserves strategy and Transformation Fund protocol
Appendix 7	List of budget pressures and investments
Appendix 8a	List of savings consulted upon
Appendix 8b	List of savings to be implemented under delegated authority
Appendix 9	Feedback to the public consultation process
Appendix 10	Other responses to the budget consultation
Appendix 11	Fees & charges schedule

Proposal Council is asked:

Revenue budget and Council Tax 2024/25 (section 2 - 6)

1 To review the Cabinet's final budget proposals for 2024/25 (Appendices 7 and 8), resulting Council Tax levels and the formal Council Tax resolution, noting that an extensive consultation exercise has been completed on the 2024/25 Cabinet's draft budget proposals. Cabinet have taken this into account in recommending final details of their budget.

2 To agree the Council's budget for 2024/25 (Appendix 1), fees and charges (Appendix 11), Council Tax increase and Council Tax resolution (Appendix 3) for Newport City Council which incorporates the precepts levied by community councils and the Police and Crime Commissioner for Gwent.

3 To note the Head of Finance's recommendations that minimum General Fund balances can be maintained, in the short term, at a level of at least £6.5million, the confirmation of the robustness of the overall budget underlying the proposals, subject to the key issues highlighted in section 5.

Medium term financial plan (MTFP) (section 3)

4 To note the MTFP and the potentially significant financial challenges over the medium term in the context of funding challenges and increasing demand within service areas.

5 To agree the implementation of the three-year financial plan, including all budget proposals, as summarised within the medium-term financial plan (Appendix 4), noting that financial projections are subject to on-going review and updating.

6 To note and approve the Council's reserves strategy and transformation fund protocol (Appendix 6). Approve the planned use earmarked reserves, as set out in Appendix 5a, including the proposed use of the Transformation Fund.

Action by Head of Finance – 2024/25 Council Tax billing and detailed budgets to be prepared in line with recommendation.

Timetable Immediate

This report was prepared after consultation with:

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

Signed

1 Background

1.1 Recent changes made to the Council's constitution clarifies the roles and responsibility of Council and Cabinet in relation to the revenue budget and Council Tax changes. In summary, the Cabinet are responsible for developing their draft budget, including Council Tax changes and consulting on that before agreeing a final budget which is reviewed and considered by Council.

1.2 Any alternative budget proposals must be submitted and approved by the Council's Head of Law and Standards and the Head of Finance within 5 working days of the Council budget setting meeting (which was 5pm, 21st February) so that they can be incorporated into papers to allow members time to consider them before the Council meeting. Whilst the alternative proposals are submitted in line with the Budget and Policy Framework Procedure Rules, procedurally during the meeting they will be dealt with as a motion to amend the Cabinet's budget proposals in accordance with the Rules of Procedure for full Council.

1.3 The Cabinet's draft budget proposals for 2024/25 have been subject to public consultation. The proposals have been consulted on through a range of stakeholder groups as set out in paragraph 4.1. Feedback received was considered before Cabinet finalised budget considerations and details on 14th February. The package of budget investments and savings and the resulting service area budgets in this paper are based on the Cabinet's final budget proposals.

1.4 The Welsh Government (WG) draft settlement was received on 20th December 2023 and confirmed that funding would increase by 4.7% for 2024/25; at c£13.45m. This was the highest percentage increase across Wales, due to Newport's increasing population and up to date census data incorporated into detailed population estimates. Alongside new saving proposals included in the draft budget at £4,417k, this gave rise to a budget surplus or balance in hand of £1,725k at the draft budget stage which was agreed on 10th January 2024 Cabinet meeting.

Since then, the MTFP has remained under constant review with revised planning assumptions in relation to cost pressures, savings and changes to funding levels. These were explained in the Cabinet budget report on 14th February and updated at the meeting itself. They are summarised as follows:

	£k
Balance in Hand at draft budget	**+£1,725**
Additional Pressures – fire levy, housing staffing costs, increased contingency	-£1,180
Additional savings – realignment of non-service budgets to match costs	+£ 150
Additional funding – Council Tax premiums	+£ 600
Balance in hand – final budget report	**+£1,295**
Additional RSG funding announced at Cabinet meeting	+£ 755
Cabinet financial flexibility / balance in hand at Cabinet meeting	**+£2,050**

Cabinet announced and approved a number of budget investments to utilise the above balance in hand at their meeting on 14th February.

- £700k for highways and property assets maintenance.
- £300k for schools – targeted at 'additional learning needs' pressure.
- £160k for additional resources within the social care safeguarding hub.
- £150k for homelessness and temporary accommodation provision.
- £595k for capital financing costs to increase available capital resources.
- £145k for partial mitigation against specific grant funding reductions.

Alongside the list of budget investments and savings in the final budget setting meeting of Cabinet, these final decisions then completed the Cabinet's budget deliberations and decisions for 2024/25. The list of budget investments and savings in Appendix 7 and 8 in this report show the full list of budget decisions.

It was at this stage that the overall net budget requirement, and resulting Council Tax required to fund that, was agreed for recommendation to full Council and more details on that is shown in table 1, paragraph 6.3 in this report.

1.5 The Council's final settlement will be announced on 27th February 2024. Cabinet has therefore, agreed final budget proposals and recommend a Council Tax level to Council based on the draft settlement and updated for the known additional funding announced by the Welsh Government at £755k and a requirement for an 8.5% increase in the Council Tax rate.

There are a few adjustments and confirmations of funding expected to the final settlement after 27th February and these are outside of the Council's control. The Cabinet's final budget recommendations makes assumptions in relation to these outstanding matters, as follows:

- Funding of increased employers' pension contribution for teaching staff. This cost is included in the budget proposals within schools funding. This is expected to be £3,419k and the budget assumes it'll be fully funded by the Welsh Government. Ministers have confirmed that funding received from UK Treasury will be passed to councils but there is a risk that it could be lower than needed. The value is significant and is an item considered by the HoF in his assessment of the budget robustness.

- Changes in specific grants. There were a small number of grants not finalised at the draft budget stage and may not be confirmed until the final settlement stage or even thereafter, at an all-Wales level. In addition, it is known that a number of grants will be transferring into the settlement and others amalgamated and used more flexibly which is welcome on one level. As always, there is a risk that grants transferring or confirmed may be reduced from current levels. The Cabinet's recommended budget has an investment to potentially mitigate the impacts of this in key priority areas and therefore, as always, the working policy that services will adjust service provision in line with grant funding availability, wherever possible, continues.

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

2 2024/25 budget requirement

2.1 The Cabinet's recommended final budget is included within Appendix 1 and is based on detailed proposals approved by Cabinet in their meeting on 14 February. Members have also had sight of the budget proposals previously via the Council's Scrutiny Committees in January. The detailed proposals can be found appended to the Cabinet agenda (weblink).

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

2.3 A key part in considering and agreeing the annual budget and MTFP are the financial resilience issues and how the budget deals with key risks. These were considered in detail by Cabinet on 14th February and are outlined in section 5 of this report for Council.

2.4 Proposals for 2024/25 include £31.6m of budget investments / pressures (including inflation). The most significant areas of additional expenditure are linked to:

- £9,754k investment in school budgets.
- £10,124k investment in social care which includes funding to continue paying care workers at least the Real living Wage from April 2024, additional provision to cover the risk of higher on-going costs in the sector and significant increased demand for children's services.
- £1,595k for housing services.

2.5 Proposals for 2024/25 also include £4,567k of new savings of which £3,975k were efficiency/no service impact and are being implemented by officers under delegated authority. The balance of £592k were consulted on. In addition to new savings, £713k of previously agreed savings are also being or need implementation and included in 2024/25 budgets.

2.6 In addition to this base budget investment, significant specific grants are received from WG each year, and, at this time, we still await the finer details of funding levels for 2024/25. Specific grants are a key element of Council's funding which often assists in supporting core service delivery. These grants are included, at their estimated levels within service areas budgets, and will be adjusted as required, in year, once the value and conditions are known. Similarly, the service area budgets also include funding from reserves and the planned use of reserves are shown in Appendix 5a.

3 Medium term financial plan (MTFP)

3.1 The MTFP is the articulation of the Council's financial challenges and includes the savings currently identified over the next three years. The Council is required by law to set a balanced budget every year. At the same time, the MTFP is reviewed and updated to help plan savings and investments across the next three to four years. A key part of the review is to ensure that key priorities are included. The current medium term financial projections are included in Appendix 4.

3.2 The Council Corporate Plan is supported by a Transformation Plan and other plans to achieve the outcomes within it. Whilst some corporate projects have started, the overall Transformation Plan and its governance arrangements are yet to be finalised and transformation projects are needed to be developed and/or started in Housing and Social Care, being key areas which can affect the Council's financial sustainability in the medium-term and areas under significant challenge and change.

3.3 The MTFP highlights very significant financial challenges in the budget years following the 2024/25 year and is due to predicted slowdown of funding to the Local Government sector. This is based on work completed by the Wales Fiscal Analysis and whilst significant uncertainty still exists around medium-term funding and financial issues, it is likely to be challenging. The Transformation Plan, when implemented, will form a key part of the strategy for addressing the budget gap in the future, but will likely not in itself deliver the quantum of savings required over the medium term and certainly at the levels of budget gaps currently shown. Therefore, further work is required to build a budget and transformation strategy that ensures sustainable services and financial stability.

4 Budget consultation

4.1 The budget proposals agreed by Cabinet in early January were consulted on through a range of stakeholder groups and formats, which are as follows:

- With Trade Unions via the Employee Partnership Forum on 18th January 2024;

- With all Scrutiny Committees in their January 2024 meetings where Members discussed the detailed investments and savings proposals, plus the MTFP;
- With the Schools' Forum on 18th January 2024;
- With the public to 9th February 2024;
- Engagement with a wide range of stakeholders and consultees, including the Newport Fairness Commission and those groups affected by service changes.

The detailed results of the consultation were shared at the February Cabinet meeting and are included in Appendix 9 and 10.

Fairness and Equality Impact Assessments (FEIAs)

4.2 In line with the Council's legal duties as set out in the Equality Act 2010 and the Welsh Language (Wales) Measure 2015, all budget proposals have undergone a full equality impact assessment, which have been updated to reflect public consultation responses.

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

5 Risk, reserves, financial resilience.

5.1 A key driver in the budget and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. The Chief Financial Officer/s151 officer is required to report to the Council on the robustness and sustainability of the estimates in the budget report, and on the adequacy of the reserves and balances. The Council is required to take these comments into account when making its budget and Council Tax decisions. The requirements on the s151 officer are to ensure that the budget recommended to Council is balanced (i.e. income matches expenditure), is robust and therefore deliverable and has an adequate level of reserves. The s151 Officer is required to ensure the Council's approved budget addresses all three issues.

5.2 Reserves are an essential part of good financial management. They help councils to cope with unpredictable financial pressures, plan for future spending commitments and manage financial risks. The level, purpose and planned use of reserves are important factors for members and council officers to consider in developing medium term financial plans and setting annual budgets. Having the right level of reserves is fundamental to robust and responsible medium term financial management.

5.3 Appendix 5 sets out details in relation to the risks, reserves and financial resilience of the Council and key issues and highlights are summarised here. The Chief Financial Officer/s151 officer has assessed the balance of risk and the associated mitigating actions set out in Appendix 5, and considers, on this basis, the budget for 2024/25 to be robust. Key assumptions underlying this include:

Short-term

- Savings are delivered in full/on-time, including outstanding savings from previous years.
- Service area budgets are managed, in total, within resources allocated with particular emphasis on children's social care, housing services, and property/assets related areas which have the more significant levels of over-spending in the current financial year.
- Schools produce sustainable budgets with funding levels available to them.
- Maintenance of the current, and funding of any new, earmarked reserves and provisions covering material risks as part of the 2023/24 year-end process and from in-year 2024/25 monitoring, as appropriate.

- The Council receiving the expected funding for increased teacher's pension costs which is material at nearly £3.5m and taking the action needed to manage that risk if required.
- The Council managing financial issues coming out of specific grant funding levels when these are known, over and above the funding available from the Cabinet's budget to provide mitigation to key areas.

Medium-Term

- The development, approval, implementation, and appropriate governance arrangements of transformation projects and plans for managing the current significant financial challenges on cost and demand in children's social care and homelessness service areas.
- The approval of a Council wide transformation programme and associated governance to contribute towards financial sustainability in light of uncertain but likely challenging financial position in the medium term.

5.4 In concluding that the proposals are robust, the Chief Financial Officer has placed reliance on the budget process that has been followed, and the assurances provided by Heads of Service and Directors. All service areas have been engaged on the budget development over the summer 2023 to date. In developing the budget, appropriate demographic, price growth, known demand changes and deliverable savings have been developed and considered, based on the latest available information and intelligence.

5.5 Of relevance is also the financial challenges and impacts the Council is facing and managing, including (i) significant service area overspending, which was c£4.7m in the last budget monitor reviewed by Cabinet (ii) short term nature of the additional revenue budget contingency contributing to the full mitigation of the current year service area's overspending, provided from the pre-funded capital financing budget. This should substantially reduce after 2024/25 (iii) significant on-going demand on some services in particular children's social care and housing/homelessness (iv) school budgets currently balanced by the use of reserves (v) the likely overspending in Housing services for 2024/25 only as it implements its transformation changes which will impact on demand and budgets in the following year and reduce costs down to budget levels (vi) relatively low funding resulting from a lower Council Tax rate than nearly all other Welsh Councils, and (vii) on-going undelivered prior year savings, currently £1.1m.

5.6 In the context of the challenging economic climate and the above issues, the 2024/25 budget has the following areas of mitigation which will be available to support the budget challenges and risks set out in Appendix 5 and the summary above:

(i) existing revenue contingency budget £1.373m which will rise to £1.6m with these budget proposals.
(ii) existing revenue budgets not yet committed (capital financing budget), and which are set aside to manage revenue budget risks in the short-term (2024/25 only) at c£2.2m; which will rise to nearly £3m with these budget proposals.
(iii) specific reserves earmarked for uncertainty on pay costs increase at £1.4m.
(iv) specific school reserves forecast at c£10m.
(v) investment in revenue budgets to mitigate current levels of overspending and risks on an on-going basis.

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

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

- The Council's 'general reserves' is lower than ideally needed. They represent only 1.7% of the Council's net budget or 2.6% excluding school's net budgets. Whilst general reserves have inherent limitations in their use; they are still an integral part of the Council's financial plans for managing unexpected, significant or prolonged 'financial stresses'. All Council reserves are earmarked and those used for risk are specific to particular risks / issues and therefore beyond these, the general reserves provide limited risk mitigation. In the short term, as noted in Appendix 5, existing reserves could and would need to be re-purposed, but this will have impact on their intended use and/or create additional financial pressures. As earmarked reserves are utilised/reduced over the medium-term; this current potential mitigation they provide will reduce.

    - An increase in the level of the Council's general reserves over the short-medium term is required.

- There is no financial reserves capacity to manage the likely very challenging (but, also uncertain) financial outlook as outlined in the MTFP. Whilst use of reserves is not recommended for base budget funding; they can be useful where 'timing' may be the issue to smooth out delivery of agreed savings in a medium-term transformation plan vs saving requirement, for example. The current Invest to Transform reserve is specifically earmarked for funding costs of the transformation plan and individual projects.

    - As part of the MTFP updates through 2024/25 and as part of the accounts closure for the current 2023/24 year; it will be prudent to review and, if deemed necessary, identify financial capacities for available resources to support the MTFP budget process.

- The Council's Invest to Transform reserve is set to reduce to below minimum balance level, as per the protocol, and whilst this will continue to be able to provide funds required to transform services in the short term, the financial capacity required to fund costs of an organisational wide transformational programme will likely be significant over the medium term.

    - In line with the Council agreed protocol, further funding should be identified for the Invest to Transform reserve - from underspending in the 2023/24 and/or 2024/25 budget to provide financial capacity to cover the costs of delivering specific projects over the medium term.

6 2024/25 proposed Council Tax

6.1 Newport continues to have one of the lowest Council Tax rates in Wales, amongst the lowest in the UK. Whilst changes in Council Tax levels are usually noted in percentage terms, the cash increase this delivers in Newport will be smaller relative to other local authorities as the starting position is lower.

6.2 Cabinet have recommended an 8.5% Council Tax increase to Council. This would result in Council Tax rates in the more common bands B-D in Newport of £1,164.68, £1,331.06, and £1,497.44 respectively which is an increase of £1.75 - £2.26 per week. Although the draft 2024/25 settlement was a welcomed uplift as it enables the Council to support major cost and demand pressures that the Council continues to face, it was not sufficient to mitigate, in full, the extent of the financial challenges being faced. Therefore, the key consideration for Cabinet has been to decide on the balance between Council Tax increases and the level of savings.

6.3 Based on the recommended Council Tax, the table below illustrates the net budget and funding recommended by Cabinet at its meeting on 14th February 2024.

Table 1: 2024/25 available and required budget

The table below shows the available and required budget funding with an 8.5% increase in Council Tax. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.	
<u>Council Tax at Band D at 8.5%</u>	£1,497.44
<u>Budget requirement</u>	**£000**
Base budget 2023/24	373,676
2024/25 Inflation	17,678
2024/25 use of reserve 'movement'	29
DRAFT BASE BUDGET 2024/25 (before investments/savings)	**391,383**
2024/25 Budget investments – (inc. increase of £1,229k required in Council Tax Reduction Scheme based on 8.5% Council Tax increase)	13,922
2024/25 budget savings	(5,280)
DRAFT BASE BUDGET 2024/25	**400,025**
<u>Draft funding available</u>	
Draft WG settlement	307,464
Current Council Tax at new tax base	84,641
Increased Council Tax @ 8.5%	7,195
Council Tax premiums	725
Total	**400,025**
Balance	**0**

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

Community / Police precepts and Council Tax calculation

6.5 The ultimate Council Tax calculation includes precept figures from The Police and Crime Commissioner for Gwent and precept figures from community councils within the city as well as the city council's own budget. These are shown in Appendix 2. The resulting Council Tax resolution is set out in Appendix 3. These are based on the budget proposals agreed by Cabinet on 14th February 2024.

Risks

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

Risk Title / Description	**Risk Impact score of Risk if it occurs* (H/M/L)**	**Risk Probability of risk occurring (H/M/L)**	**Risk Mitigation Action(s)** What is the Council doing or what has it done to avoid the risk or reduce its effect?	**Risk Owner** Officer(s) responsible for dealing with the risk?
Previously agreed budget savings not delivered	L	L	(i) robust budget proposal process (ii) robust budget monitoring (iii) programme governance (iv) service planning (v) retention of reserves and budget contingency	Head of Finance/ Heads of Service/ Directors
Budget savings not delivered on time leading to in year overspending	M	M	(i) robust budget monitoring (ii) programme governance (iii) retention of reserves and budget contingency	Heads of Service Head of Finance Directors
Unforeseen pressures	H	H	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance/ Heads of Service Directors

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

In drawing up budget proposals, due regard has been given to key council policies and priorities and Cabinet, in setting the detailed budget and spending plans, considered these in detail in their February meeting. Details are included in the February 2024 budget report.

Options Available and considered

The Council must approve a recommended Council Tax and resulting overall revenue budget for 2024/25 which is balanced and robust.

Preferred Option and Why

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

Comments of Chief Financial Officer

The 2024/25 budget has been very challenging with on-going demand for services increasing, and Cabinet approved a balanced budget on 14 February, requiring a Council Tax increase of 8.5%. As the report highlights, my assessment of the budget, as required by law, has been positively influenced by the availability of revenue budget contingency of which a significant element is temporary, and ultimately, the availability of total reserves, in the last resort. These are spelt out in detail in section 5 of the report. The budget estimates are as reasonably robust as they can be though the uncertainty of funding for the teacher's pensions costs increase is a significant factor.

The Council has a good track record of spending within its available budget and services will need to manage budgets as robustly as they can in 2024/25 and in that respects, major budget overspending areas and issues have been dealt with in this budget.

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

Comments of Monitoring Officer

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

Local authorities must decide every year how much income they are going to raise from Council Tax. This decision must be based on a budget that sets out estimates of what the Council plans to spend on services. As the Council Tax must be set at the start of the financial year and cannot be increased during the year, consideration must be given to risks and uncertainties and allowances made in funds for contingencies and reserves. The budget and the Council Tax must be set by 11th March in the preceding financial year. A failure to comply with the time limit may leave the Council open to challenge by way of judicial review. When the Council is considering its budget, it must have regard to the Section 151 Officer's report on the robustness of the estimates and the adequacy of the reserves in the budget proposals (section 25 of the Local Government Act 2003). This ensures that Members make their decision on the basis of authoritative advice. Members should provide clear reasons if they disagree with the professional advice of the Section 151 Officer.

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

Comments of Head of People, Policy & Transformation

The report provides Council with the 2024/25 Budget and Medium-Term Financial plan, which considers the implications and opportunities in the deployment of resources across a range of functions and services over the next three years, alongside seeking agreement on the Council Tax increase for 2024/25. The budget process has presented a distinct set of challenges this year, building on the unprecedented circumstances of the last few years, and the drastic economic changes and inflationary increases on a scale never seen before.

As outlined in the report, opportunities have been made available for the public to express their views through the consultation process and these were considered by Cabinet. All staff potentially affected by the budget proposals have been consulted with, or will be as and when necessary, and the relevant trade unions have made representations as outlined in February's Cabinet Report. Whilst potential impacts on frontline services have been minimised for 2024/25, the Councils workforce will nevertheless be impacted by proposals to deliver services in different ways or to reduce provision.

The financial planning is underpinned by the Council's Corporate Plan 2022-27 and supports its Well-being Objectives. The Council is also required to ensure it considers the impact of decisions taken now on future generations and also the impacts on protected equalities groups. This has been done through the use of

Fairness and Equality Impact Assessments which consider all key savings proposals. It should be noted that meeting the sustainable development principle is becoming increasingly difficult whilst the Council faces both immediate and long-term financial pressures and many achievable savings have already been made in previous years.

Scrutiny Committees

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

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

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

The Wellbeing of Future Generations Act 2015, which came into force in April 2016 provides a framework for embedding sustainable development principles within the activities of Council and has implications for the long-term planning of finances and service provision. The business cases used to develop savings proposals include specific linkage with Future Generation Act requirements of the “five ways of working”. Long term - The medium-term approach that is in place for financial planning within the Council is intended to bridge the gap between longer-term strategic aspirations and sustainable development concerns with the more immediate pressures of setting a balanced budget each year.

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

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

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

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

The Well-being of Future Generations Act has involvement as one of the five ways of working under the sustainable development principle. Involvement in the development of this budget has included a seven-week period of public consultation and consultation with Trade Unions via the Employee Partnership Forum, with all Overview and Scrutiny Committees, with the Schools’ Forum and with the Council’s Fairness Commission.

Consultation

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

Background Papers

Final Budget and MTFP: Final Proposals – 2024/25 presented to Cabinet on 14 February 2024.

Dated: 23rd February 2024

APPENDIX 1 – Service Area Budgets

2024/25 Summary Revenue Budget	2023/24 Base Budget £'000	2024/25 Base Budget £'000
Social Services		
Children Services	29,520	32,988
Adult Services	69,723	74,109
Prevention & Inclusion	841	810
	100,084	**107,907**
Transformation & Corporate		
Finance	5,527	5,890
People, Policy & Transformation	15,136	15,689
Law & Standards	4,925	5,328
	25,589	**26,907**
Environment & Sustainability		
Housing & Communities	7,979	9,277
Environment & Public Protection	16,574	17,098
Head of Infrastructure	15,507	15,917
	40,060	**42,292**
Chief Executive		
Regeneration & Economic Development	6,437	5,938
Education	17,736	17,879
Schools	129,127	139,391
	153,300	**163,208**
Capital Financing Costs and Interest		
Capital Financing Costs and Interest (Non-PFI)	16,564	18,309
Public Finance Initiative (PFI)	9,700	9,828
	26,264	**28,137**
Sub Total - Service/Capital Financing	**345,297**	**368,451**
Contingency Provisions		
General Contingency	1,373	1,636
Centralised Insurance Fund	617	647
Non Departmental Costs	40	40
Other Income and Expenditure	1,717	3,167
	3,747	**5,490**
Levies / Other		
Discontinued Operations - pensions	1,451	1,405
Discontinued Operations - Ex Gratia Payments	3	3
Levies - Drainage Board, Fire service etc	11,028	11,796
CTAX Benefit Rebates	13,739	14,718
	26,221	**27,922**
Transfers To/From Reserves		
Base budget - Planned Transfers to/(from) Reserves	(1,589)	(1,838)
	(1,589)	**(1,838)**
Total	**373,676**	**400,025**
Funded By		
WG funding (RSG and NNDR)	(289,522)	(307,464)
Council Tax	(84,154)	(91,836)
Council Tax Premiums	-	(725)
Total	-	-

These are indicative budgets for 2024/25. Final Cash limits will be agreed during February Council.

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APPENDIX 2 – Precepts and Council Tax

The funding required from council tax for the recommended draft 2024/25 budget is an increase of 8.5%. The tables below show the figures involved in that calculation.

The Tax Base

This is the number of properties that attract council tax for the year, expressed as if they were all in Band D. In practice, Band A properties only pay 66% of the Band D council tax rate whilst a Band I property pays 233% of the Band D council tax. For 2024/25, the tax base is 61,329.00 (2023/24 – 60,975.52).

Calculation of the Council Tax – Newport City Council

The calculation of the council tax follows the process shown below.

	£
Net budget requirement	£399,300,168
Less WG funding	£307,463,669
Equals that which needs funding from council tax	£91,836,499
Divided by tax base (61,329.00) gives a council tax at Band D	1,497.44

Calculation of the Council Tax – The Police and Crime Commissioner for Gwent and Community Councils

The final council tax also incorporates other demands (precepts) that the Council collects on behalf of other bodies. These bodies are The Police and Crime Commissioner for Gwent (PCC for Gwent) and the Community Councils within the City's boundary. Of these, The Police and Crime Commissioner for Gwent is the largest and for 2024/25, has set a precept of £21,435,712.

Authority	Budget requirement / Precept from Council Tax (£)	Tax Base	Council Tax at Band D		% Change
			2024/25	2023/24	
Newport City	91,836,499	61,329.00	1,497.44	£1,380.13	8.5%
PCC for Gwent	21,435,712	61,329.00	349.52	£324.52	7.7%

The table below lists the precepts and Band D council tax for the Community Councils within Newport City boundary, for which the Council collects council tax.

Community Council	Council Tax Base	2024/25 Precept (£)	Council Tax at Band D		% Change
			2024/25	2023/24	
Bishton	766.77	34,954.00	45.59	42.56	7.1%
Coedkernew	997.42	4,987.10	5.00	4.50	11.1%
Goldcliff	182.31	7,808.34	42.83	42.83	-
Graig	2,478.82	70,894.25	28.60	26.00	10.0%
Langstone	1,904.01	60,607.00	31.83	31.63	0.6%
Llanvaches	238.44	10,074.09	42.25	50.00	-15.5%
Llanwern	1,672.89	35,670.00	21.32	20.42	4.4%
Marshfield	1,513.35	36,320.40	24.00	22.00	9.1%
Michaelstone - Y - Fedw	164.64	6,585.60	40.00	40.00	-
Nash	139.18	2,625.00	18.86	10.31	82.9%
Penhow	464.83	27,451.00	59.06	59.24	-0.3%
Redwick	117.87	5,500.00	46.66	42.01	11.1%
Rogerstone	6,114.92	209,741.75	34.30	32.67	5.0%
Wentlooge	357.95	18,291.00	51.10	50.96	0.3%

The council tax payable by households is the total of the Newport City Council, The Police and Crime Commissioner for Gwent and, where relevant, the Community Council taxes payable in the above tables. As already noted, the actual council tax payable by households will vary from the figures above as they represent those at the Band D only. The tables included in section 5 of the council tax resolution at appendix 3 show the actual council tax for each Band.

APPENDIX 3 – Council Tax Resolution

RESOLUTION TO SET COUNCIL TAX LEVELS

1. That the revenue estimates for 2024/25, as recommended by the Cabinet on 14 February 2024 be approved.

2. That it be noted that the Council at its meeting on 20 February 2007 delegated the setting of the tax base to the Head of Finance and that on 13 November 2023, the Head of Finance acting in accordance with that delegation calculated the following amounts for the year 2024/25 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992: -

   (a) Council Tax Base

   61,329.00 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (calculation of council tax base) Regulations 1992, as its council tax base for the year;

   (b) Council Tax base for parts of the Council's Area

Area	Tax base
Bishton	766.77
Coedkernew	997.42
Goldcliff	182.31
Graig	2,478.82
Langstone	1,904.01
Llanvaches	238.44
Llanwern	1,672.89
Marshfield	1,513.35
Michaelstone	164.64
Nash	139.18
Penhow	464.83
Redwick	117.87
Rogerstone	6,114.92
Wentlooge	357.95

3. That the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992: -

   (a) £570,338,637.69 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act
   (Gross Expenditure).

   (b) £170,506,959.71 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
   (Gross Income).

   (c) £399,831,677.98 being the amount by which the aggregate at (3)(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year ***(Budget + Community Council precepts)***.

(d) £307,463,669.00 being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non-domestic rates, revenue support grant or additional grant ***(RSG + NNDR)***.

(e) £1,506.11 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year ***(Average Band 'D' Tax for NCC including Community Councils)***.

(f) £531,509.53 being the aggregate amount of all special items referred to in Section 34(1) of the Act and detailed below ***(Community Council precepts)***.

Area	Special Item £
Bishton	34,954.00
Coedkernew	4,987.10
Goldcliff	7,808.34
Graig	70,894.25
Langstone	60,607.00
Llanvaches	10,074.09
Llanwern	35,670.00
Marshfield	36,320.40
Michaelstone	6,585.60
Nash	2,625.00
Penhow	27,451.00
Redwick	5,500.00
Rogerstone	209,741.75
Wentlooge	18,291.00
	531,509.53

(g) £1,497.44 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates ***(NCC Band 'D' Council Tax)***.

(h) Council Tax level for parts of the Council's Area

Area	Basic Council Tax £
Bishton	1,543.03
Coedkernew	1,502.44
Goldcliff	1,540.27
Graig	1,526.04
Langstone	1,529.27
Llanvaches	1,539.69
Llanwern	1,518.76
Marshfield	1,521.44
Michaelstone	1,537.44
Nash	1,516.30
Penhow	1,556.50
Redwick	1,544.10
Rogerstone	1,531.74
Wentlooge	1,548.54

Being the amounts given by adding to the amount at 3(g) above, the amounts of the special item or items in 3(f) divided by the amount at 2(b) for the specified area of the council. These amounts are calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

NCC + Community Councils	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	1,028.68	1,200.14	1,371.58	1,543.03	1,885.92	2,228.82	2,571.71	3,086.06	3,600.41
Coedkernew	1,001.62	1,168.57	1,335.50	1,502.44	1,836.31	2,170.19	2,504.06	3,004.88	3,505.70
Goldcliff	1,026.84	1,197.99	1,369.13	1,540.27	1,882.55	2,224.84	2,567.11	3,080.54	3,593.97
Graig	1,017.36	1,186.92	1,356.48	1,526.04	1,865.16	2,204.28	2,543.40	3,052.08	3,560.76
Langstone	1,019.51	1,189.44	1,359.35	1,529.27	1,869.10	2,208.95	2,548.78	3,058.54	3,568.30
Llanvaches	1,026.46	1,197.54	1,368.62	1,539.69	1,881.84	2,224.00	2,566.15	3,079.38	3,592.61
Llanwern	1,012.50	1,181.26	1,350.01	1,518.76	1,856.26	2,193.77	2,531.26	3,037.52	3,543.78
Marshfield	1,014.29	1,183.35	1,352.39	1,521.44	1,859.53	2,197.64	2,535.73	3,042.88	3,550.03
Michaelstone	1,024.96	1,195.79	1,366.62	1,537.44	1,879.09	2,220.75	2,562.40	3,074.88	3,587.36
Nash	1,010.86	1,179.35	1,347.82	1,516.30	1,853.25	2,190.21	2,527.16	3,032.60	3,538.04
Penhow	1,037.66	1,210.62	1,383.56	1,556.50	1,902.38	2,248.28	2,594.16	3,113.00	3,631.84
Redwick	1,029.40	1,200.97	1,372.54	1,544.10	1,887.23	2,230.37	2,573.50	3,088.20	3,602.90
Rogerstone	1,021.16	1,191.36	1,361.55	1,531.74	1,872.12	2,212.51	2,552.90	3,063.48	3,574.06
Wentlooge	1,032.36	1,204.42	1,376.48	1,548.54	1,892.66	2,236.78	2,580.90	3,097.08	3,613.26
All Other Parts of the City	998.29	1,164.68	1,331.06	1,497.44	1,830.20	2,162.97	2,495.73	2,994.88	3,494.03

Being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in the valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted for the year 2024/25, that The Police and Crime Commissioner for Gwent has stated the following amount in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

The Police and Crime Commissioner for Gwent	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
All Parts of the City	233.01	271.85	310.68	349.52	427.19	504.86	582.53	699.04	815.55

5. That having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2024/25 for each of the categories of dwelling shown below: -

Total Council Tax Demand	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	1,261.69	1,471.99	1,682.26	1,892.55	2,313.11	2,733.68	3,154.24	3,785.10	4,415.96
Coedkernew	1,234.63	1,440.42	1,646.18	1,851.96	2,263.50	2,675.05	3,086.59	3,703.92	4,321.25
Goldcliff	1,259.85	1,469.84	1,679.81	1,889.79	2,309.74	2,729.70	3,149.64	3,779.58	4,409.52
Graig	1,250.37	1,458.77	1,667.16	1,875.56	2,292.35	2,709.14	3,125.93	3,751.12	4,376.31
Langstone	1,252.52	1,461.29	1,670.03	1,878.79	2,296.29	2,713.81	3,131.31	3,757.58	4,383.85
Llanvaches	1,259.47	1,469.39	1,679.30	1,889.21	2,309.03	2,728.86	3,148.68	3,778.42	4,408.16
Llanwern	1,245.51	1,453.11	1,660.69	1,868.28	2,283.45	2,698.63	3,113.79	3,736.56	4,359.33
Marshfield	1,247.30	1,455.20	1,663.07	1,870.96	2,286.72	2,702.50	3,118.26	3,741.92	4,365.58
Michaelstone	1,257.97	1,467.64	1,677.30	1,886.96	2,306.28	2,725.61	3,144.93	3,773.92	4,402.91
Nash	1,243.87	1,451.20	1,658.50	1,865.82	2,280.44	2,695.07	3,109.69	3,731.64	4,353.59
Penhow	1,270.67	1,482.47	1,694.24	1,906.02	2,329.57	2,753.14	3,176.69	3,812.04	4,447.39
Redwick	1,262.41	1,472.82	1,683.22	1,893.62	2,314.42	2,735.23	3,156.03	3,787.24	4,418.45
Rogerstone	1,254.17	1,463.21	1,672.23	1,881.26	2,299.31	2,717.37	3,135.43	3,762.52	4,389.61
Wentlooge	1,265.37	1,476.27	1,687.16	1,898.06	2,319.85	2,741.64	3,163.43	3,796.12	4,428.81
All Other Parts of the City	1,231.30	1,436.53	1,641.74	1,846.96	2,257.39	2,667.83	3,078.26	3,693.92	4,309.58

APPENDIX 4 – Medium Term Financial Plan (MTFP)

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Funding				
Base change in WG Revenue Support Grant (as per draft settlement for 24/25 and cash flat thereafter)	(14,206)	-	-	**(14,206)**
Transfers of specific grants into settlement	(317)	40		**(277)**
Estimated increase in NCC share of RSG due to population changes	-	(500)	(500)	**(1,000)**
Specifc grant - teachers pension	(3,419)	-	-	**(3,419)**
Increase in Council Tax Base - at 2023/24 rate	(488)	-	-	**(488)**
C. Tax @ 8.5% in 2024/25 and 4% thereafter	(7,195)	(3,521)	(3,662)	**(14,378)**
Less consequential increase in benefits	1,229	563	586	**2,378**
Council Tax Premiums	(725)	-	-	**(725)**
Change in Income/Funding	**(25,120)**	**(3,418)**	**(3,576)**	**(32,114)**
Revenue Investments / Increased Costs				
Pricing - Pay Inflation (non schools)	3,723	3,038	2,912	**9,673**
Pricing - Contract/ Income Inflation (non schools)	8,151	9,544	10,210	**27,905**
Pricing - Pay Inflation (schools)	6,430	4,988	4,616	**16,034**
Pricing - Contract/ Income Inflation (schools)	(589)	1,018	1,142	**1,571**
Demand - Schools	(37)	1,273	1,360	**2,596**
Standstill/ 'committed' position	**17,678**	**19,861**	**20,240**	**57,779**
Demand - Social Care	2,774	2,499	(400)	**4,873**
Demand - Other	1,218	519	-	**1,737**
Investments - Inc. Corporate Plan Promise	-	-	300	**300**
Other	8,701	1,455	635	**10,791**
Total Pressures	**30,371**	**24,334**	**20,775**	**75,480**
Reversal of previously agreed use of earmarked reserves	429	165	-	**594**
Gap Before Cost Reduction Plans	**5,680**	**21,081**	**17,199**	**43,960**
Budget Savings				
Previously agreed budget savings	713	50	-	**763**
New budget savings	4,567	181	126	**4,874**
Temporary use of earmarked reserves to offset pressures	400	-	(400)	**-**
Total Savings	**5,680**	**231**	**(274)**	**5,637**
Net budget gap/(surplus)	**(0)**	**20,850**	**17,473**	**38,323**

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Appendix 5 – Risk and Financial Resilience

Financial Risks, Resilience

A key driver in the budget strategy and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. The Chief Financial Officer is required to report to the Council on the robustness and sustainability of the estimates in the budget report, and on the adequacy of the reserves and balances. The council is required to take these comments into account when making its budget and council tax decisions.

The Chief Financial Officer has assessed the balance of risk and the associated mitigating actions, as set out in this Appendix and considers, on this basis, that the budget for 2024/25 is robust. This is based on the overall level of savings and service level options being delivered, the maintenance of appropriate earmarked reserves for material risks and action being taken to manage social care / housing price and demand over the medium term.

The council continues to face significant budget pressures, especially across its demand driven budgets and the longer-term impact of COVID and the Cost-of-Living crisis continues to materialise. Current forecasts indicate these have been mitigated during this year at a council wide level with the use of underspending from the capital financing budget which was pre-funded for the current capital programme borrowing costs and has continued to be delayed. This one-off contingency will reduce substantially in 2024/25 from the current level and again in 2025/26 as the programme is completed. Additional funding has been allocated for children's social care and housing services in the Cabinet's 2024/25 budget recommendation. Addressing the rising pressures in social care and housing are therefore key issues for the future sustainability of the Council's finances in the medium-term.

Risk

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

The Quarter 2 Corporate Risk Register identifies 15 risks that are considered to have a significant impact on the achievement of the Council's objectives and legal obligations. Overall, 9 of these risks are severe. There are several risks identified in the risk register that to fully mitigate would be unaffordable. In these cases, the risk is identified, and the Council needs to consider and assess how best to mitigate and continue lobbying WG to provide more funding in these areas, as these risks are not unique to Newport.

Four current risks with significant uncertainty are (i) stability of social services providers, (ii) pressures on adult services (iii) pressure on delivery of children services and (iv) pressure on housing and homelessness services. A number of budget investments /pressures are included in the Cabinet's recommended budget which directly impact positively on some current risks in the corporate risk register:

Appendix 5 – Risk and Financial Resilience

RISK	DRAFT BUDGET
Demand for education Additional Learning Needs / Special Education Needs support Education out of county placements	budget pressure included in the Cabinet budget
School Finance / cost pressures	no savings included for schools in the Cabinet budget funding of increased school pupil numbers in the budget
Pressure on housing and homelessness	budget pressure included in the Cabinet budget
Stability of social care providers Pressure on adult services	budget inflation fully funded to maintain at least a living wage level to care providers' staff in the Cabinet budget
Pressure on delivery of children's service	budget inflation fully funded to maintain at least a living wage level to care providers' staff in the Cabinet budget budget pressure for increased demand and investment in the safeguarding hub included in the Cabinet budget
Welsh Government net zero carbon target by 2030	The budget saving for reduced energy costs for 2024/25 allows for the retention of a £500k budget which will be used as a source of match funding where external funding bodies, such as WG, require the Council to contribute towards net zero projects that are predominantly grant funded.

Outside of the risk register, and as noted in the budget report e, there are also other key issues and risks which members attention needs to be drawn too:

- Uncertainty on the adequacy of funding for the employers increased pension contribution for teachers.
- A risk regarding the 2024/25 pay awards, should the final awards exceed the provision contained within the proposed budget.
- Uncertainty related to grant transfers into the final settlement and the amalgamation of current grants.
- Likely continuation of overspending in housing services on homelessness provision and demand management in 2024/25 before their transformation plan takes full effect in the following year and continuing increase in demand on social care services.
- Delivery of the current 2023/24 financial year savings is not yet complete (£1,031k) and there are outstanding elements of previous year savings also outstanding (£105k).

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

Financial Resilience

A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration. It is recognised that the current environment remains challenging and brings significant risks that have been outlined in this appendix and on the council's Risk Register. As a result of this, risks need to be carefully balanced, and an assessment made about which risks have such certainty they can currently be planned for, and for any remaining risks, the levels of reserves and General Fund Balances are such that they can be mitigated in the immediate future should the need arise in year.

In the context of this, the budget has the following areas of mitigation which will be required to support the budget challenges and risks set out above.

(i) existing revenue contingency budget £1.373m which will rise to £1.6m with these budget proposals.
(ii) existing revenue budgets not yet committed (capital financing budget), and which are set aside to manage revenue budget risks in the short-term at c£2.2m.
(iii) specific reserves earmarked for uncertainty on pay costs increase at £1.4m.
(iv) specific school reserves forecast at c£10m.
(v) investment in revenue budgets to mitigate risks on an ongoing basis.

As regards reserves, the level of Earmarked Reserves has been reviewed and is appropriate for the risks faced Key headlines from the above list include:

- Earmarked Reserves: Although the Council's reserves have increased in recent years, nearly all of these are earmarked for specific purposes. However, as a last resort they do provide some mitigation but use of them means that the original purpose would be affected and/or would result in a budget pressure to build those reserves up again, as well as delaying the identification of recurring mitigation for the identified budget gap. The Council has a specific risk to deal with the inherent uncertainty of pay budgets at £1.4m

  The budget recommended requires an annual £400k of reserve funding in Children Services to fund emergency placements budget provision for two years, as they develop and then implement their transformation plan. It is recommended that the following reserves are re-purposed for this:

  - General Investment Risk Reserve (£200k)
  - COVID Risk Reserve (£420k)
  - COVID Reserve (£180k)

- Revenue Contingency budget & General Reserves: The (i) contingency base budget and other (ii) specific risk reserves held by the Council are taken into consideration when assessing the level of the general reserve and help to mitigate the risk to the Council. The general reserve is now too low relative to the size of the Council's budget which has increased significantly over the last 5 years as WG funding increased. The general reserves are however, in some respects, a 'blunt tool' to manage risk as they would be required to be increased again straight away if used. In that sense, setting deliverable budgets, managing budgets robustly and having a meaningful level of revenue budget contingency is more effective.

  The final budget proposals here include a budget proposal to increase the level of the Council's budget contingency to £1.6m (from c£1.3m) and this will need to be kept under review in future years. The Head of Finance considers this a required budget investment to manage the increasingly challenging demands on the Council's budgets and medium-term funding outlook. Supplementing it will be the Council's non-committed element of its capital financing budget for 2024/25 at nearly c£3m. This is temporary only and is reducing each year as the capital programme is completed but will provide, for example, mitigation for continued increasing demand in housing and children's services for the 2024/25 financial year whilst their transformation plans are implemented. Given the above comments, the Council's general reserves can be maintained at current levels due to the overall level of reserves which, in the last resort, provide more than adequate financial mitigation, albeit with resulting impacts as noted above.

- School budgets- Reserves: The position in relation to school reserves improved after the Covid period and funds built up over those years are now being spent not only on initiatives which gave rise to the increased WG funding over that period but also to delay making budget savings which were required as part of the 2023/24 budget. The forecast net spends against school budgets this year will see reserve balances reduce to c£10m by the end of this financial year. It is important to note that school reserves can only be used by each individual school and not generally by the Council.

- The Council is investing significantly in Children's Services and Housing at c£4.1m. beyond inflationary increases. This will provide some mitigation for current demand levels.

The Council is developing a strategic transformation programme and the necessary governance arrangements to review and deliver it and has its 'transformation fund' (previously invest to save) reserve to fund the one-off cost of change. The programme is integral to developing ongoing financial sustainability whilst also ensuring key services can be delivered.

The combination of the centrally held Contingencies, Earmarked Reserves and General Fund Balances together are adequate when assessed against the balance of identified risk for next year.

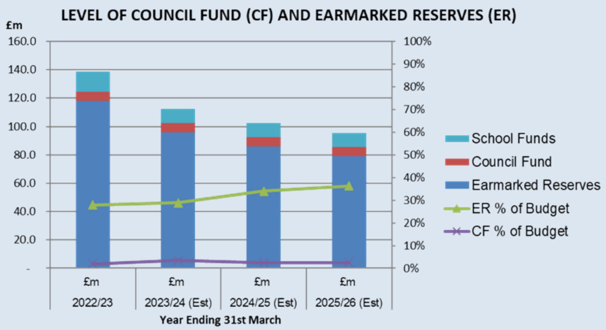
The Chief Financial Officer's conclusion therefore is that the proposed revenue budget for 2024/25 is robust based on the criteria set out above and that the budget is sustainable in the short term, but it clearly exposed to a higher level of risk in the medium term due it's already low cost of service provision / low funding, on-going demand in social care and housing services together with a high degree of uncertainty remaining over the next Spending Review period following a general election. However, through a combination of the centrally held Contingencies, Earmarked Reserves and General Fund balances together, the budget provides adequate protection against the risks identified in this report

Appendix 5 – Risk and Financial Resilience

Appendix 5 - Financial Resilience

The following tables, charts and figures give an indication of the financial resilience of the Council as per the Statement of Accounts

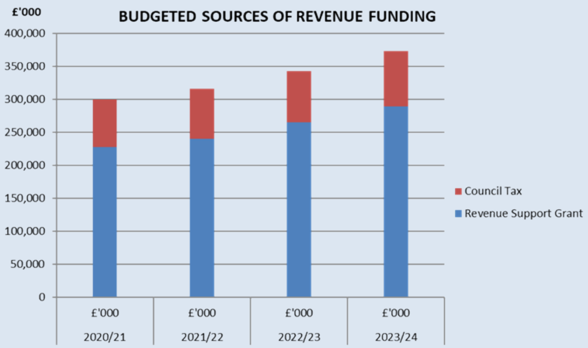
Level of Council Fund (CF) and Earmarked Reserves (ER)



Budgeted Sources of Funding

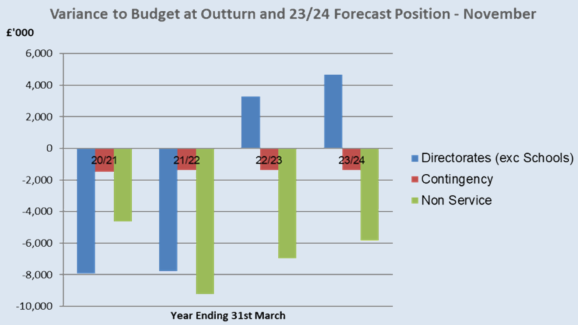
Total Revenue Funding	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Revenue Support Grant	228,077	240,796	265,612	289,522
Council Tax	72,193	75,134	77,400	84,154
Total	300,270	315,930	343,012	373,676

Budgeted Revenue Funding Split

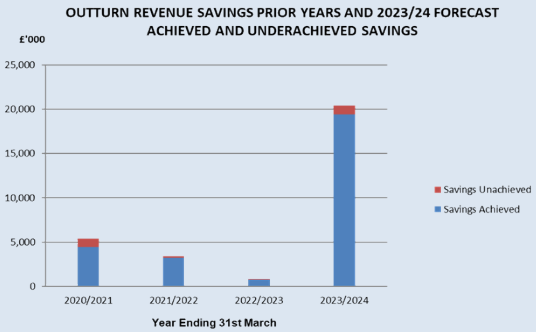


The figures below shows the outturn position for the prior 3 years for Revenue and the forecast position for 23/24

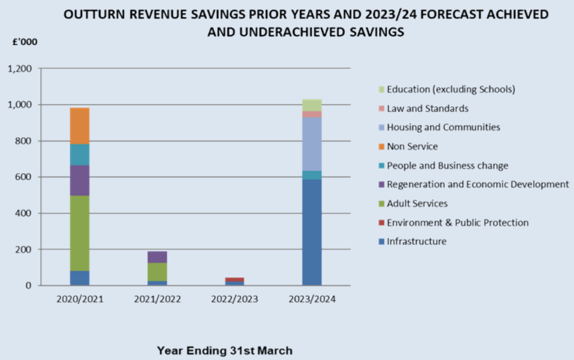
Revenue Outturn and 23/24 Forecast Position - November



Revenue Savings Achieved and Unachieved



Analysis of Unachieved Savings



The table below shows the forecast position for Capital.

2023/24 Capital Forecast Position - November

Services	Capital Expenditure 2023/24					
	23/24 Budget approved November Cabinet	Additions / Amendments	23/24 Budget to be approved January Cabinet	Forecast	Slippage	Over / Underspend
Education	36,394	137	36,531	34,364	(2,205)	38
Environment & Public Protection	11,918	602	12,520	11,896	(656)	32
Housing & Communities	104	0	104	104	0	0
People, Policy & Transformation	3,817	23	3,840	3,407	(236)	(197)
Prevention & Inclusion	3,111	558	3,669	3,736	77	(10)
Regeneration & Economic Development	19,326	60	19,386	13,417	(5,794)	(174)
Social Services	2,410	200	2,610	2,568	(42)	0
Infrastructure	10,114	176	10,291	9,901	(288)	(102)
Non Service	3,140	0	3,140	3,140	0	0
Total Budget	**90,333**	**1,756**	**92,089**	**82,532**	**(9,143)**	**(413)**

The tables below show the Medium Term Financial Plan (MTFP) and the risks facing the Council.

MTFP Scenario

	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Financial Pressures	30,246	24,334	20,775	75,355
Funding Uplift	(17,941)	(460)	(500)	(18,901)
Budget Requirement Reduction	12,305	23,874	20,275	56,454
Increase in Ctax / tax base / premiums	(7,054)	(2,958)	(3,076)	(13,088)
Reserve transfers	429	165	0	594
Savings	(5,680)	(231)	274	(5,637)
Budget Gap	**0**	**20,850**	**17,473**	**38,323**

Capital Expenditure & Need to borrow

The table below is the Council's liability benchmark which compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. It 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.

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	234.7	244.9	258.7	254.5	245.1
Less: Balance sheet resources	-140.5	-114	-103.8	-96.8	-93.8
Net loans requirement	94.2	130.9	154.9	157.7	151.4
Plus: Liquidity allowance	10	10	10	10	10.0
Liability benchmark	**104.2**	**140.9**	**164.9**	**167.7**	**161.4**

Mae'r dudalen hon yn wag yn

APPENDIX 5a – Projected earmarked reserves

Reserve	Balance at 31-Mar-23 (£'000)	Balance at 31-Mar-24 (£'000) (Forecast)	Balance at 31-Mar-25 (£'000) (Forecast)	Balance at 31-Mar-26 (£'000) (Forecast)
	£'000	£'000	£'000	£'000
Council Fund	(6,500)	(6,500)	(6,500)	(6,500)
Balances held by schools for future use	(14,427)	(9,765)	(9,765)	(9,765)
Earmarked Reserves:				
Music Service	(134)	(134)	(134)	(134)
Pay Reserve	(1,418)	(1,418)	(1,418)	(1,418)
Insurance Reserve	(1,755)	(1,755)	(1,755)	(1,755)
MMI Insurance Reserve	(602)	(602)	(602)	(602)
Education Achievement Service	(79)	-	-	-
Schools Redundancies	(1,585)	(1,585)	(1,585)	(1,585)
General Investment Risk Reserve	(2,676)	(2,412)	(2,148)	(1,884)
European Funding I2A & CFW	(1,640)	(1,477)	(1,477)	(1,477)
MTFP Reserve	(7,818)	(8,256)	(8,256)	(8,256)
GEMS Redundancies	(78)	(78)	(78)	(78)
COVID Risk Reserve	(570)	(420)	(420)	(420)
SUB TOTAL - RISK RESERVES	**(18,355)**	**(18,137)**	**(17,873)**	**(17,609)**
Capital Expenditure	(16,648)	(13,213)	(10,759)	(6,605)
Capital Grants Unapplied	(5,158)	(1,648)	(848)	-
Transformation Fund	(7,391)	(4,644)	(2,979)	(2,776)
Super Connected Cities	(42)	-	-	-
School Works	(27)	(27)	(27)	(27)
School Reserve Other	(458)	(458)	(458)	(458)
Schools ICT Sustainability	(100)	(150)	(200)	(250)
Feasibility Reserve	(135)	(127)	(61)	(61)
Usable Capital Receipts	(9,830)	(6,619)	(4,158)	(3,813)
SUB TOTAL - ENABLING RESERVES	**(39,789)**	**(26,886)**	**(19,490)**	**(13,990)**
Local Development Plan	(545)	(497)	(497)	(497)
Strategic Development Plan	(165)	(220)	(220)	(220)
Glan Usk PFI	(1,514)	(1,433)	(1,352)	(1,271)
Southern Distributor Road PFI	(39,439)	(38,375)	(37,311)	(36,247)
Building Control	(124)	(124)	(124)	(124)
Loan modification technical reserve (IFRS 9)	(258)	(258)	(258)	(258)
Soft Loan interest equalisation reserve	(1,584)	(1,584)	(1,584)	(1,584)
SUB TOTAL - SMOOTHING RESERVES	**(43,629)**	**(42,491)**	**(41,346)**	**(40,201)**

APPENDIX 5a – Projected earmarked reserves

Reserve	Balance at 31-Mar-23 (£'000)	Balance at 31-Mar-24 (£'000) (Forecast)	Balance at 31-Mar-25 (£'000) (Forecast)	Balance at 31-Mar-26 (£'000) (Forecast)
	£'000	£'000	£'000	£'000
Works of art	(21)	(21)	(21)	(21)
Theatre & Arts Centre	(232)	(232)	(232)	(232)
Environmental Health - Improve Air Quality	(49)	(49)	(49)	(49)
City Economic Development Reserve	(370)	(370)	(370)	(370)
Welsh Language Standards	(100)	(45)	(45)	(45)
Port Health	(20)	(20)	(20)	(20)
Financial System Upgrade	(437)	(89)	0	0
Events	(282)	(316)	(316)	(316)
Voluntary Sector Grants	(27)	(27)	(27)	(27)
IT Development	(53)	-	-	-
Joint Committee City Deal Reserve	(662)	(662)	(662)	(662)
Civil Parking Enforcement	(11)	-	-	-
Business Support	(81)	(81)	(81)	(81)
Business Development Grants	(250)	(244)	(244)	(244)
IT Infrastructure	(309)	(107)	(107)	(107)
PSB Contribution	(5)	(5)	(5)	(5)
COVID Reserve	(351)	(351)	(351)	(351)
Chief Education Grant	(2,208)	(1,899)	(1,899)	(1,899)
Home to School Transport - St Andrews / Millbrook	(314)	(532)	(532)	(532)
Housing Supply review	(16)	(16)	(16)	(16)
Cariad Casnewydd	(166)	(166)	-	-
Community Gardening Schemes	(180)	-	-	-
Market Arcade owner contributions	(51)	(51)	(51)	(51)
Parks & Open Spaces	(2,090)	(910)	-	-
Discretionary Rate Relief	(900)	(540)	(540)	(540)
Domiciliary Care Service Capacity (now Direct Payments	(34)	-	-	-
St. Andrews Primary	(152)	(133)	(66)	-
Communications Corporate Requirement	(232)	(232)	(232)	(232)
Growing space - 2 years	(100)	(50)	-	-
Spring Gardens - short breaks service	(200)	-	-	-
Residential Care Home Equalisation Reserve	(621)	(621)	-	-
Partnership funding - ABUHB - Windmill Farm	(57)	(57)	-	-
Levelling up	(38)	(2)	(2)	(2)
Cost of living Support Scheme Reserve	(485)	(380)	(380)	(380)
Prior year underspend	(5,065)	-	-	-
Empty Homes	-	(258)	(258)	(258)
Transporter Bridge	-	(95)	(95)	(95)
SUB TOTAL - OTHER RESERVES	**(16,169)**	**(8,560)**	**(6,600)**	**(6,534)**
RESERVES TOTAL	**(138,868)**	**(112,340)**	**(101,575)**	**(94,600)**

APPENDIX 5a – Projected earmarked reserves

Transformation Fund – Summary Forecast	**£000**
Balance b/f 31st March 2023	(7,391)
Total forecast expenditure 2023/24	2,747
Transformation Fund Balance as at 31st March 2024	**(4,644)**
Approved commitments in future years:	
2024/25	1,078
2025/26	203
Balance before new commitments arising from 2024/25 budget	**(3,363)**
New commitments arising from 2024/25 budget proposals	587
Remaining Transformation Balance available for future use	**(2,776)**

Mae'r dudalen hon yn wag yn

February 2024

Newport City Council

Reserves Policy

1.0 Introduction

1.1 This policy establishes a framework within which decisions will be made regarding the level of reserves held by the Council, the purposes for which they will be maintained and used in addition to their reporting requirements.

1.2 The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 requires authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

1.3 There are also a range of safeguards in place that help prevent local authorities over committing themselves financially. These include:

- The balanced budget requirement;
- The statutory duty of the Head of Finance (S151 Officer) to report on the robustness of estimates and adequacy of reserves when the authority is considering its budget requirement (Section 25 of the Local Government Act 2003);
- The legislative requirement for each local authority to make arrangements for the proper administration of their financial affairs and that the Head of Finance has responsibility for the administration of those affairs as set out in Section 151 of the Local Government Act 1972;
- The requirements of the Prudential Code and the Treasury Management in Public Services Code of Practice.

1.4 The above requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Head of Finance to report to all the authority's councillors if there is, or is likely to be, unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have resources to meet its expenditure in a particular financial year.

1.5 This policy is based on a requirement that all reserves are corporate in nature and that individual departmental reserves are only to be permitted if agreed by Cabinet after taking the advice of the S151 Officer.

2.0 Definitions

2.1 Reserves are sums of money held by the Council to meet future expenditure (whilst managing risk) and should be held for a specific purpose.

3.0 Types of Reserve

3.1 As an integral part of the annual budget setting process, the Cabinet (via the Head of Finance) considers the establishment and maintenance of reserves. These will be held for three main purposes:

- A **working balance** to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;

- A **contingency** to cushion the impact of unexpected events or emergencies;

- A means of building up funds - **earmarked reserves**, to meet known or predicted requirements. The authority categorises earmarked reserves into three categories: risk, enabling or smoothing to reflect the general purpose of each reserve. A detailed analysis of the authority's reserves can be found in Appendix 1.

The following table identifies the high-level categories of earmarked reserves held by the Council:

Category of Earmarked Reserve	**Rationale**
Sums set aside for major schemes, such as capital developments or asset purchases, or to fund major reorganisations	Where expenditure is planned in future years, it is prudent to set aside resources in advance, e.g., Local Development Plan, Glan Usk Private Finance Initiative (PFI).
Insurance reserves	Self-insurance is a mechanism used by most local authorities. In the absence of any statutory basis, sums held to meet potential and contingent liabilities are reported as earmarked reserves where these liabilities do not meet the definition of a provision under the requirements of the Code's adoption of IAS 37 Provisions, Contingent Assets and Liabilities.
Reserves of trading and business units	Surpluses arising from in-house trading may be retained to cover potential losses or re-organisation costs in future years, or to finance capital expenditure, e.g., Gwent Music service.

Reserves retained for service departmental use	Internal protocols permit year-end underspending at departmental level to be carried forward, where appropriate e.g., homelessness prevention.
Reserves for unspent revenue grants	Where revenue grants have no conditions or where the conditions are met and expenditure has yet to take place, surplus funds can be held in earmarked reserves for future use.
School's balances	These are unspent balances of budgets delegated to individual schools.

3.2 Paragraph 3.1 above articulates the categories of 'useable reserves' held by the Council, i.e., those reserves that are 'cash-backed'. On the technical accounting side, the Council also holds 'unusable reserves'. These reserves are not cash backed and arise out of the interaction of legislation and proper accounting process, either to:

a) Store revaluation gains (e.g., on property revaluations); or

b) As adjustment accounts to reconcile accounting requirements driven by reporting standards to statutory requirements (e.g., pension reserve).

The remainder of this report will focus on the Council's useable, and therefore, cash-backed reserves.

4.0 General Fund Reserves

4.1 In assessing the appropriate level of reserves the Council will ensure that the general reserves are not only adequate but also necessary and will be appropriate for the risk (both internal and external) to which it is exposed.

4.2 The risks faced by a local authority will, in many cases, be due to the specific local context and will need to be kept under review. In assessing its financial risk, the Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance on the factors that should be considered:

- Budget assumption for inflation and interest rates;
- Estimates of the level and timing of capital receipts;
- The treatment of demand led pressures;
- The authority's track record in budget and financial management;

- Treatment of planned efficiencies/savings;
- The financial risk inherent in any significant new funding partnerships, major outsourcing, and capital developments;
- The likely level of government support to deal with major unforeseen events;
- The adequacy of the authority's insurance arrangements;
- The authority's virement and end of year procedures in relation to budget under and overspends;
- The general financial climate and future funding assumptions.

4.3 The risk assessment to be carried out will be based on the guidance provided by CIPFA above and any further issues, which the Head of Finance feels are relevant. This will be reviewed annually.

4.4 The appropriate level of General Fund Reserves will be determined annually as part of the budget setting process and medium term financial strategy plus at other periodic intervals in-year and will be subject to approval by the Cabinet and full Council.

4.5 The Head of Finance, within the Council's Medium Term Financial Plan and financial strategy will set out the level of planned reserve balances, including financial arrangements for any replenishing of reserves. It will also confirm acceptable thresholds above and below the balance where appropriate / relevant. If the balance falls outside of these thresholds, a plan will be agreed by Cabinet to restore balances to the appropriate level.

5.0 Earmarked and Specific Reserves

5.1 These are required for specific purposes and are a means of building up funds to meet known or predicted liabilities. By nature, these reserve balances do not have minimum and maximum thresholds. Creation of such reserves must be approved by the Head of Finance.

5.2 Balances should be reasonable for the purpose held and must be used for the item for which they have been set aside. If circumstances arise to which the reserve is no longer required for its original purpose, or no longer required at its current level, they will transfer to other earmarked reserves or the General Fund reserve, as agreed and approved by Cabinet.

5.3 The authority follows best practice in that for each earmarked reserve, a clear protocol exists setting out:

- The reason for / purpose of the reserve;
- How and when the reserve can be used;
- Procedures for the reserve's management and control; and
- A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

5.4 **Setting up of reserves**

5.4.1 Where officers would like to request potential transfers to/from existing earmarked reserves, or the creation of a new reserve, discussions are to be had with the Assistant Head of Finance (AHoF) and the service area Senior Finance Business Partner (SFBP) to determine whether the assumption needs to be included within the in-year financial monitoring forecasts. Any decisions on whether these requests are authorised or not will, in the majority of cases, be made at year-end when the overall Council position is known and must be approved by Cabinet.

5.4.2 Reserve request forms will be circulated as part of the year-end closing process.

5.5 **Use of reserves**

5.5.1 Should there be an unplanned need to utilise general reserves there must be a clear plan setting out the intended route to replenish the reserves to the minimum balance recommended. This must clearly state how the shortfall will be met and by when.

5.5.2 Where there is a planned use of reserves, a reserve request form must be submitted to the Head of Finance to be considered at year-end as set out in 5.4 above.

6.0 Ring-fenced Reserves

6.1 Schools Reserves

6.1.1 Schools are able to carry forward surplus and deficit balances from one year to the next and utilise these balances for managing changes in pupil numbers and funding, or the funding of projects and future liabilities. The balances are held by individual schools and are not for general Council use. Guidance on the level of balances held is documented within Section D of Newport City Council Scheme for the Financing of Schools.

7.0 The Reporting Framework

7.1 The balances and movement of all reserves is required to be reported within the authority's Annual Statement of Accounts.

7.2 The balance held, and projected movement of useable reserves will be reported monthly/quarterly as part of the budget monitoring report to the Executive Board / Cabinet. This includes the level of reserves held against each category of reserve.

7.3 The S151 Officer has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

7.4 The level and utilisation of reserves will be determined formally by the Cabinet, informed by the advice and judgement of the S151 Officer. To enable the Cabinet to reach its decision, the S151 Officer should report the factors that influenced his or her judgement and ensure that the advice given is recorded formally. Where this advice is not accepted this should be reported formally in the minutes of the Cabinet meeting.

7.5 It is recommended that:

- The budget report to the Cabinet should include a statement showing the estimated opening general reserve fund balance for the year ahead, the addition to/withdrawal from balances, and the estimated end of year balance. Reference should be made as to the extent to which such reserves are to be used to finance recurring expenditure;
- This should be accompanied by a statement from the S151 Officer on the adequacy of the general reserves and provisions in respect of the forthcoming financial year and the authority's medium term financial strategy;
- A statement reporting on the annual review of earmarked reserves (including schools' reserves) should also be made at the same time to the Council. The review itself should be undertaken as part of the budget preparation process. The statement should list the various earmarked reserves, the purposes for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balances.

APPENDIX 1 – Analysis of Reserves

Reserve	**Purpose/ Rationale for Reserve**
Council Fund	General Reserve
Schools Reserve	Balances held by schools for their future use
Earmarked Reserves:	
Risk Reserves:	
Music Service	This is a general reserve retained by the Gwent wide Music Service and a traded service and belongs to all trading partners. Newport holds the reserve as the hosting authority. The reserve is held as a balance to cater for years where trading income is below expenditure and/or one off costs for re-organisation are incurred.
Pay Reserve	To cover the risk of pay awards being higher than budgeted.
Insurance Reserve	To assist in management of the Council's insurance risks and provide funds, over and above existing insurance provisions for excessive levels of claims/costs in any year.
MMI Insurance Reserve	To assist in future funding requirements of MMI in line with the agreed 'Scheme of Arrangement'.
Education Achievement Service	Reserve held against Newport's share of any redundancy costs that may arise from a restructure of the service as a result of funding reductions from grant allocations. Newport is a partner in the service and has to take a share of any costs that may arise.
Schools Redundancies	Reserve has been created from contributions from Schools to cater for redundancy costs that arise through schools that face financial issues. The value has been negotiated with the schools as a contribution towards the costs that have to be met by the LA.
General Investment Risk Reserve	To cover the risk of the commercial estate and for the accounting requirement of this area.
European Funding I2A & CFW	To cover one off cost associated with the project. Newport is a partner with other Gwent Councils and so has to take a share of any costs that arise.

MTFP Reserve	To support achievement of the corporate plan by managing key/ significant operational and budget risks.
GEMS Redundancies	Reserve created from service income levels over and above grant income to cater for anticipated redundancy costs anticipated from restructuring to cater for different language sets, and potential reduction in grant income.
COVID Risk	To provide mitigation against the revenue budget risks following the end of the WG Hardship Fund and beyond.
Enabling Reserves:	
Capital Expenditure	To fund capital investment.
Capital Grants Unapplied	Additional WG funding to maintain capital maintenance capacity.
Transformation Fund (previously Invest to Save)	To enable funding of specific change projects and the emerging transformation projects to achieve savings to the revenue budget.
Super Connected Cities	Funding for Community Safety Network over a seven-year period including project costs.
School Works	Reserve specifically for identified schoolworks - funded by schools themselves. Reserve allows schools to build up specific scheme reserves over a number of years, where required.
School Reserve Other	Reserves specifically identified for school schemes – funded by schools themselves.
Schools ICT Sustainability	Reserve specifically for identified school IT sustainability schemes - funded by schools themselves.
Feasibility Reserve	To support feasibility work for capital projects.
Usable Capital Receipts	Holds proceeds from the sale of property, plant, and equipment, used to finance new capital expenditure. Currently reserved for Council contribution to 21C Schools programme.

Smoothing Reserves:	
Local Development Plan/ Strategic Development Plan	Reserves used to smooth over significant differences in annual budget required over a cyclical period whilst keeping budget at a stable annual amount. Related to production and inspection of the LDP and SPG's
Glan Usk PFI	Established to smooth out funding differences that have arisen from funding available and payments to the contractor - reserve will balance over life of project
Southern Distributor Road PFI	Established to smooth out funding differences that have arisen from funding available and payments to the contractor - reserve will balance over life of project
Building Control	Funding to smooth losses and profits over the period to meet building control requirements
Loan modification technical reserve (IFRS 9)	Technical reserve
Soft loan interest equalisation reserve	Technical reserve
Other Reserves:	
Works of art	To fund purchases for the collections.
Theatre & Arts Centre	Council agreed reserve as condition of Art's Council funding of the Riverfront Theatre.
Environmental Health - Improve Air Quality	To undertake highways work in a specific area to improve air quality and reduce noise pollution.
City Economic Development Reserve	To support City economic development.
Welsh Language Standards	To fund specific one off costs for ensuring NCC complies with Welsh language standards.
Port Health	Port Health Authority reserve.

Financial System Upgrade	Implementation costs of an upgrade/ new financial system to secure future stability of the financial platform.
Events	To fund events throughout the City.
Voluntary Sector Grants	Funding for delayed implementation of previous proposal.
IT Development	To invest in the development of the use of IT.
Joint Committee City Deal reserve	To fund contribution to the City Deal project.
Civil Parking Enforcement	Established to support transport, including highways maintenance and environmental improvements.
Business Support	Business development grants to assist recovery.
Business Development Grants	Administration of business development grants to assist recovery.
IT Infrastructure	To ease the capital pressures on the implementation of IT infrastructure.
PSB Contribution	Public services board contribution towards support role.
COVID Reserve	To provide support to deal with the volume of work linked to business development grants and council tax.
Chief Education Officer Grant	To provide temporary support to schools in deficit position to ensure that staffing structures and essential pupil provision is not disturbed.
Home to school transport – St. Andrews / Millbrook	To fund additional cost to transport St. Andrews and Millbrook pupils to alternative location.
Housing supply review	To undertake housing review and to establish accommodation requirement.
Cariad Casnewydd	To support the city in tackling fly tipping, improving communications and supporting community initiatives across the city.

Community gardening schemes	To support the city in tackling fly tipping, improving communications and supporting community initiatives across the city.
Market Arcade owner contributions	Market Arcade owner contributions
Parks & open spaces	To support one off investment in parks and open spaces as announced in Feb 2022 Cabinet.
Discretionary rate relief	Local discretionary relief for non-domestic rates.
Domiciliary care service capacity	To respond to increasing domiciliary care support service capacity
St Andrews primary	To support the ongoing costs associated with the St Andrews primary relocation.
Communications Corporate requirement	To fund necessary improvements to the Council website
Growing Space – 2 Years	Specific reserve to facilitate deferral of the savings proposal for Growing Space.
Spring Gardens – short breaks service	Specific reserve to facilitate deferral of the savings proposal for Spring Gardens.
Residential Care Home Equalisation Reserve	Technical reserve.
Levelling Up	Funding to support future Levelling Up bids.
Cost of Living Support Scheme (grant) Reserve	To administer the support to households across Wales facing an unprecedented cost-of-living crisis.
Prior year underspend	To be allocated by Cabinet.
Empty Homes	Enforcement interventions, financial assistance and debt recovery in relation to empty homes.
Transporter Bridge	Match funding for HLF project.

September 2022

Transformation Plan Fund

General guidance / requirements

Background

The ‘Transformation Plan’ Fund supersedes, in 2022/23, what was the ‘Invest to Save’ fund which had been operating since 2010.

Whilst the ‘Invest to Save’ fund required an absolute requirement to make cashable savings, the ‘Transformation Plan’ fund is focussed on the wider investments required to achieve the Council’s approved Transformation Plan supporting delivery of Corporate Plan priorities.

In that the Transformation Plan is set within the wider financial context of the Council, there is a presumption that the fund will still have a focus, though not an absolute requirement, to be used to generate cashable savings or cost avoidance. Given the importance of this fund to meet the costs of delivering savings to the Council and the imperative of that in delivering a balanced budget and financial sustainability for Council services, a minimum level for the fund is set in order for it to meet that requirement in the short term.

Criteria

Transformation Plan fund is for **one off / time limited** investment aimed at supporting projects/expenditure, which satisfy **all** of the following criteria:

- Expenditure can only be considered if it does not reduce the overall fund below £3m, which includes already authorised/committed spend.
- Expenditure must be one-off or time limited.
- Expenditure must be directly linked to the achievement of the Council’s agreed ‘Transformation Plan’.
- Whilst not an absolute requirement, there is a presumption that in achieving the above, that expenditure funded from this reserve achieves cashable cost savings, increased income or cost avoidance at a level which achieves pay-back of 3 years to ensure Value For Money is achieved when used in this context.
- No base budget costs requirements are funded from this reserve.

- No capital expenditure are funded from this reserve. Transformation Plan requirements which require capital funds can be considered through the Capital Programme, ideally on a self-funded basis.

The decision point for identifying and authorising resources from the Transformation Plan fund are:

- The Transformation Plan programme management which will identify the resources required to implement and provide for effective monitoring of the investment.
- The annual budget process which will identify expenditure required to generate savings, if not included in the Transformation Plan.
- Outside of the formal timetable for regular updates of the above, requests to put new projects/expenditure into the Transformation Plan along with associated enabling expenditure can be considered using the Councils 'Transformation Plan project/action' pro-forma.

Cabinet will therefore approve all uses from the Fund through the existing MTFP arrangements. The Council's Executive Board will review and approve all requirements as part of the development of the Transformation programme prior to Cabinet. The Council's Head of Finance/S151 is required to review/comment and advise the Executive Board and Cabinet/Council on the use and level of the Fund, including the achievement of the criteria above in its use.

Reporting

In year forecasts, as well as projected reserves, are reported to Cabinet on a quarterly basis and detailed transfers (into)/from reserves are included within the year-end outturn report for Cabinet's consideration and approval.

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Appendix 7 – Budget Pressures and Investments

New Pressures and Investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	Demand – Social Care	Out of Area Residential Placements - the number of children that will be in externally provided Out of Area placements from April 24 exceed the current budget available.	2,264	0	0
Children Services	Demand – Social Care	Emergency Placements – a temporary pressure whilst additional placement capacity is created.	400	0	(400)
Children Services	Demand – Social Care	Legal fees associated with children's cases.	110	0	0
Children's Services	Demand – Social Care	Safeguarding Hub additional resource requirement.	350	0	0
Adult Services	Other	Additional contribution to the GWICES pooled arrangements from all partners to pay for the increased cost of living incurred by supplier.	56	0	0
Adult Services	Other	IDVA Contract - Gwent Directors of Social Care agreed to increase funding for the VAWDASV service where NCC is the Lead Authority.	54	0	0
Adult Services	Other	Transfer of Implementation of the Performance and Improvement Framework Grant into settlement, for 1 year only	40	(40)	0
Education					
Schools	Other	Additional funding to support children with additional learning needs.	300	0	0
Non Schools	Demand - Other	SEN Out of County (OOC) and Local provision (LPD) pupil demand. Demand increasing by 4 places at Sporting Chance provision at an average cost of £25k and 4 places at Catch 22 provision at an average cost of £28k. These additional places will grow capacity locally and avoid more expensive OOC costs.	162	0	0

Appendix 7 – Budget Pressures and Investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Environment & Sustainability					
Housing & Communities	Demand - Other	Shortfall in Housing Benefit subsidy arising from increasing demand for temporary accommodation.	600	0	0
Housing & Communities	Other	Investment in Housing staffing to facilitate service transformation.	577	0	0
Housing & Communities	Other	Additional investment in homelessness to reduce need for temporary accommodation	150	0	0
Environment & Public Protection	Other	Costs associated with increasing requirement for tree maintenance.	115	115	115
Environment & Public Protection	Other	Landfill site closure – associated loss of income.	0	975	0
Environment & Public Protection	Other	Transfer of Child Burials and Cremation Fees and Additional Financial Support Grant into settlement	31	0	0
Infrastructure	Demand – Other	Bus station departure charges.	225	0	0
Infrastructure	Other	Fleet maintenance – budget pressures in relation to tyres and other supplies.	175	0	0
Infrastructure	Other	Transfer of Flood and Coastal Erosion Risk Management Grant into settlement	225	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	Other	Staffing resource to fulfil the client role in relation to leisure services.	65	0	0
Regeneration & Economic Development	Other	Energy budget requirement for new leisure centre.	0	0	500

Appendix 7 – Budget Pressures and Investments

Service Group	Category	Description	2024/25 £'000	2025/26 £'000	2026/2 £'000
Transformation & Corporate					
Law & Standards	Other	Increased contribution to Coroner's Service, resulting from additional staffing resources and the running costs of the new building.	85	0	0
Law & Standards	Other	Resources (external and internal) required to support the Transformation Programme.	75	0	0
Law & Standards	Other	Transfer of Child Burials and Cremation Fees and Additional Financial Support Grant into settlement	21	0	0
People, Policy & Transformation	Other	Property budget pressures, including income shortfalls and additional maintenance costs.	205	-115	0
Finance	Other	Resources (external and internal) required to support the Transformation Programme.	60	0	0
Finance	Other	Additional investment into the Revenues section to create capacity for administering Council Tax premiums.	125	0	0
Non-Service	Other	South Wales Fire & Rescue Service Levy increase.	340	0	0
Non-Service	Other	Increase to revenue budget contingency.	263	0	0
Non-Service	Other	Increase to annual sums capital allocation for highways and asset maintenance.	700	0	0
Non-Service	Other	Provision for additional long-term borrowing to support the capital programme.	595	0	0
Non-Service	Other	Mitigation against the issues and impacts of specific grant reductions.	145	0	0
Total New Pressures and Investments			**8,513**	**935**	**215**

Appendix 7 – Budget Pressures and Investments

Previously agreed / revised pressures and investments

Service Group	Category	Description	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	Demand – Social Care	The creation of 2 fully staffed NCC owned annexes and the use of Brynglas Bungalow to provide 5 new placements and will avoid the use of unregulated, more expensive placements.	0	2,222	0
Adult Services	Demand – Social Care	Increased demand on Adult Learning Disability Budget arising from learning disability (LD) children turning 18 and LD clients who were previously looked after by relatives now requiring care.	0	277	0
Education					
Schools	Demand – Other	ALN funding to schools to support universal ALN provision.	231	467	0
Schools	Other	Increase in the teachers' pension employers contribution rate from 23.68% to 28.68%. To take effect from April 2024.	3,419	0	0
Environment & Sustainability					
Environment & Public Protection	Investment	New Household Waste Recycling Centre.	0	0	300
Transformation & Corporate					
People, Policy & Transformation	Other	Community Safety Network – permanent budget requirement following the full use of the earmarked reserve previously supporting this area.	30	0	0
People, Policy & Transformation	Other	Welsh Language Translation – permanent budget requirement following the full use of the earmarked reserve previously supporting this area.	0	20	20
Non-Service					
Non-Service	Other	Increase to annual sums capital budget to support programme of asset maintenance and renewal/replacement.	500	500	0
Total previously agreed / revised pressures and investments			**4,180**	**3,486**	**320**

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Appendix 8a – New Budget Savings for Consultation

Service Group	Proposal Number	Proposal Title	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Adult Services	1	Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.	109	0	0
Environment & Sustainability					
Housing & Communities	2	To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.	104	55	0
Environment & Public Protection	3	Charge for replacement (residual waste) bins	42	0	0
Infrastructure	4	Highways fees and Charges - Increase of Fees by 8%	24	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	5	Reduction in Newport Live Management Fee	194	0	0
Transformation & Corporate					
People, Policy & Transformation	6	Closure of Civic Centre for two days a week, reducing spend on utilities	94	0	0
Finance	7	Fraud prevention initiative	25	0	0
Total Savings			**592**	**55**	**0**

Mae'r dudalen hon yn wag yn

Appendix 8b – New Budget Savings Implemented under Delegated Authority

Service Group	Proposal Number	Proposal Title	2024/25 *£'000*	2025/26 *£'000*	2026/27 *£'000*
Social Services					
Children Services	01	To delete a vacant Social Work post	60	0	0
Children Services	02	Independent Fostering Agency Savings	338	126	126
Children Services	03	Deletion of 1 post in the Youth Justice Team	43	0	0
Adult Services	04	Realignment of the Residential Care and community care budgets to reflect the current levels of income achieved.	353	0	0
Adult Services	05	To provide additional capacity within the appointeeship service to support vulnerable adults to generate additional income to become a self-funding service	48	0	0
Adult Services	06	Change in contribution requirement for regional Frailty pooled budget.	129	0	0
Prevention & Inclusion	07	Maximise use of external grants to reduce existing core budgets.	136	0	0
Prevention & Inclusion	08	Reduction of staff cover budgets in the Youth Service	5	0	0
Education					
Non Schools	09	Appropriate use of Welsh Government administration grant to support the roll out of universal free school meals	77	0	0
Non Schools	10	School Kitchen Maintenance and Repairs Budget	50	0	0
Non Schools	11	Reduction in Pupil Referral Unit Budget	60	0	0

Appendix 8b – New Budget Savings Implemented under Delegated Authority

Environment & Sustainability					
Housing & Communities	12	To maximise the use of the Housing Support Grant to fund Citizens Advice Bureau specialist debt advice to people who are homeless or threatened with homelessness.	40	0	0
Housing & Communities	13	Reducing council expenditure on temporary accommodation - homelessness	372	0	0
Housing & Communities	14	Increase fees - Environmental Health Housing	8	0	0
Housing & Communities	15	Reduction in Housing Strategy Legal Advice Budget	15	0	0
Environment & Public Protection	16	Heating energy cost reduction	75	0	0
Environment & Public Protection	17	Reduction in 'Energy for Waste' costs	25	0	0
Environment & Public Protection	18	Savings in waste budget	165	0	0
Infrastructure	19	Fleet Maintenance Team restructure	38	0	0
Infrastructure	20	Reduction in staffing and grant maximisation within Infrastructure	74	0	0
Regeneration & Economic Development					
Regeneration & Economic Development	21	Increasing Non-Statutory Fees for Planning Services	13	0	0
Regeneration & Economic Development	22	Events Management Service	38	0	0
Regeneration & Economic Development	23	Planning Enforcement Student Officer	14	0	0

Transformation & Corporate					
Law & Standards	24	Reduction in Law and Standards admin support	16	0	0
People, Policy & Transformation	25	Reduce core funding for entry points and maximise the use of grant funding	94	0	0
People, Policy & Transformation	26	Increased income generation through provision of Newport Intelligence Hub services	36	0	0
People, Policy & Transformation	27	IT infrastructure and licence rationalisation	100	0	0
People, Policy & Transformation	28	Printing and Document Services Review	43	0	0
Finance	29	Realignment of budget to reflect income from collections (court costs)	50	0	0
Finance	30	Realignment of the discretionary rate relief budget	25	0	0
Finance	31	Transactional cost savings - future digital developments	73	0	0
Non Service					
Non Service	32	Reduction in energy budgets	324	0	0
Non Service	33	Reduction to the Council Tax Reduction Scheme budget to reflect current level of underspending.	250	0	0
Non Service	34	Reduction to the centrally held budget for Housing Benefit related costs.	150	0	0
Non-service	35	Budget realignments across various non-service headings.	150	0	0

Cross Service					
Cross Service	36	Reduce operational budgets across service areas	143	0	0
Cross Service	37	Increase vacancy provision across all service areas.	345	0	0
Total Savings			**3,975**	**126**	**126**

Newport's Budget Challenge

Budget Saving Proposals for 2024-25

The following report summarises the final results of the consultation surveys on the budget saving proposals for 2024-25. This process took two forms:

- An online public wide SNAP survey for all citizens; and
- A shortened survey involving users of the free bus Wi-Fi.

The consultation ran from the 11 January 2024 and closed on the 9 February 2024.

A total of 1,539 responses were received including 603 through the online consultation survey and 936 through the bus Wi-Fi survey.

Regarding the online public survey respondents were asked their opinions on each of the proposals being consulted on including:

- What they think we should do with this saving proposal;
- How important is protecting funding for this service compared to other services; and
- Any other comments about the proposal.

Both the public wide survey and bus Wi-Fi survey also asked respondents their views on the proposed increase in Council Tax.

For each proposal we have included a selection of anonymous comments, in the respondent's own words, that indicate the range of responses received.

In addition, during the consultation period we separately received feedback via emails and letters, with 4 correspondences collected.

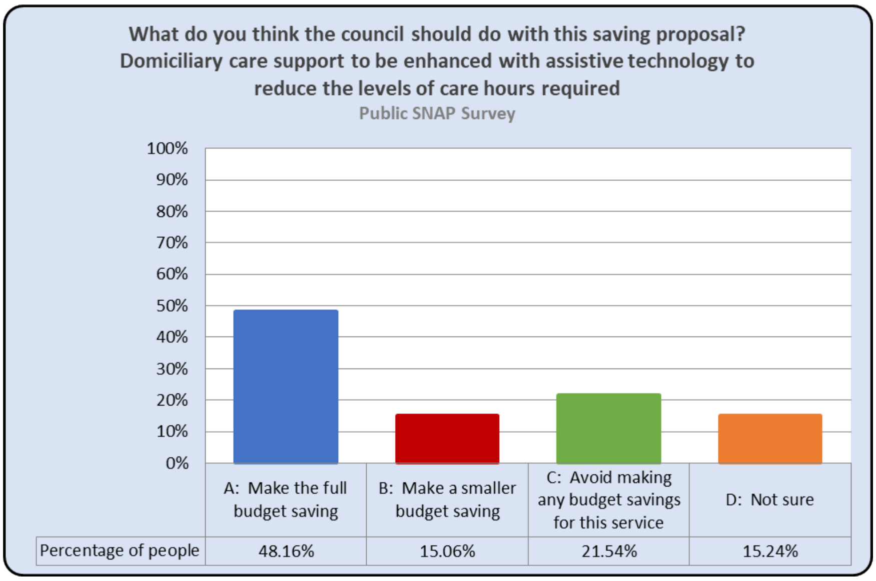
Adult Services

Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required

Q1a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	275	48.16%
B: Make a smaller budget saving	86	15.06%
C: Avoid making any budget savings for this service	123	21.54%
D: Not sure	87	15.24%

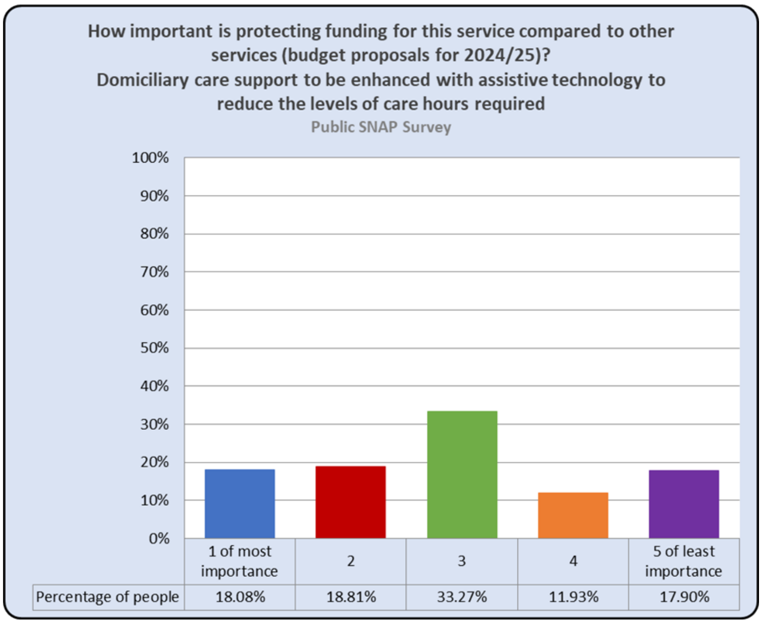
NB: There were 32 no responses.



Q1b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	100	18.08%
2	104	18.81%
3	184	33.27%
4	66	11.93%
5 of least importance	99	17.90%

NB: There were 50 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Good community care will reduce hospital admissions and duration.
- If technology can save money without harming the care service, then we should do it.
- Where done ethically and in the best interests of a person, assistive tech can support independence. This should not be the expense of well-being.
- I feel more training and better pay should be in place to support carers and encourage more people to the role.
- Technology does not replace human contact, and although it can help and aid, it should not be a replacement for care hours provided by a human being.
- It's really important that councils make the best use of technology to keep up with the times.

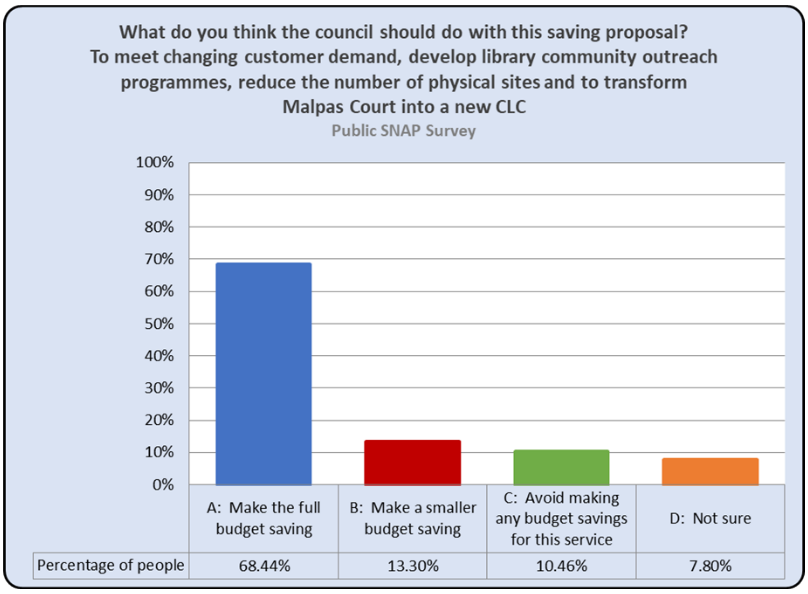
Housing & Communities

To meet changing customer demand, develop library community outreach programmes, reduce the number of physical sites and to transform Malpas Court Mansion House into a new Community Learning Centre.

Q2a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	386	68.44%
B: Make a smaller budget saving	75	13.30%
C: Avoid making any budget savings for this service	59	10.46%
D: Not sure	44	7.80%

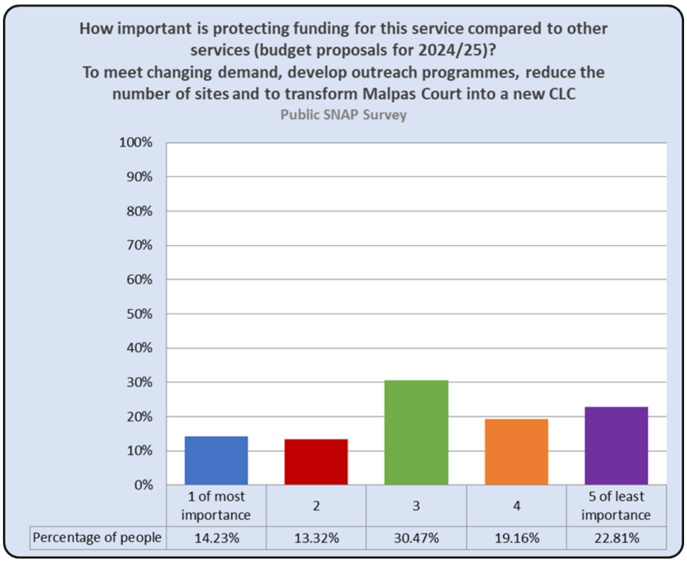
NB: There were 39 no responses.



Q2b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	78	14.23%
2	73	13.32%
3	167	30.47%
4	105	19.16%
5 of least importance	125	22.81%

NB: There were 55 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in the respondent's own words, that indicate the range of responses received:

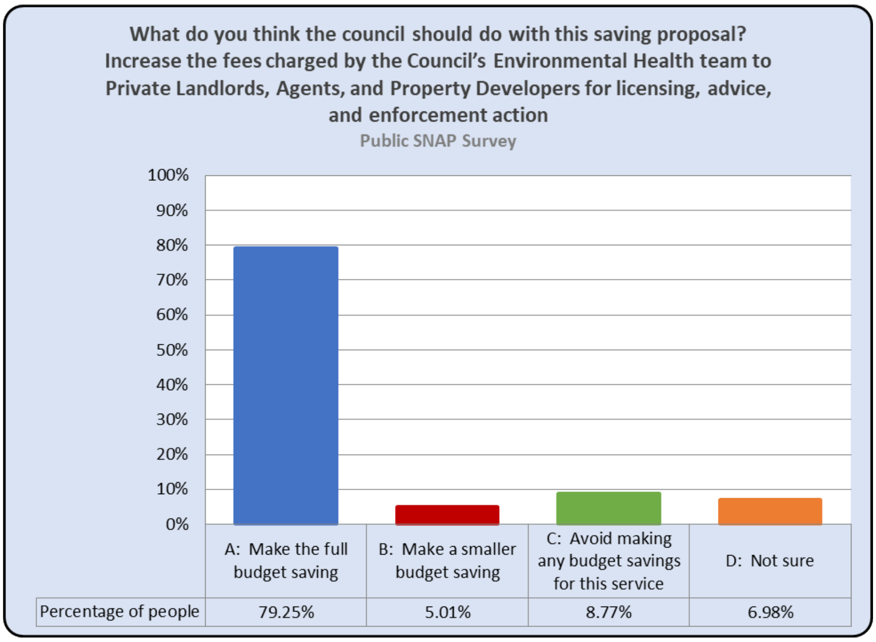
- These are institutions that help people and contribute towards community cohesion and social equality. Library use is down now, but selling the buildings off is a very short term thing to do, especially as there's a growing movement towards localism.
- If you wish to close or reduce services of libraries, you need to ensure the digital offering is fit for purpose too often there is over a twelve month wait for a book or it is not available.
- It sounds like a really good way of moving forwards with existing resources that keeps services relevant. I'd certainly like to see community library resources reach Underwood where access to such things is really limited.
- By NOT moving Malpas Library to Malpas Court would benefit users as access to Malpas Court is restricted.
- If you reduce the availability of the physical libraries, which should be used as warm spaces, then increase the availability of online books. I have to go to the library to take out actual books, but because of the now limited hours they are open this isn't easy. You could use the libraries for children's parties to raise money.
- Reduce the amount of money spent on books further and ensure there are 2 Community Librarians who have a budget to be able to support wider engagement and ensure people see the wonderful value in literacy.

Increase the fees charged by the Council's Environmental Health team to Private Landlords, Agents, and Property Developers for licensing, advice, and enforcement action.

Q3a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	443	79.25%
B: Make a smaller budget saving	28	5.01%
C: Avoid making any budget savings for this service	49	8.77%
D: Not sure	39	6.98%

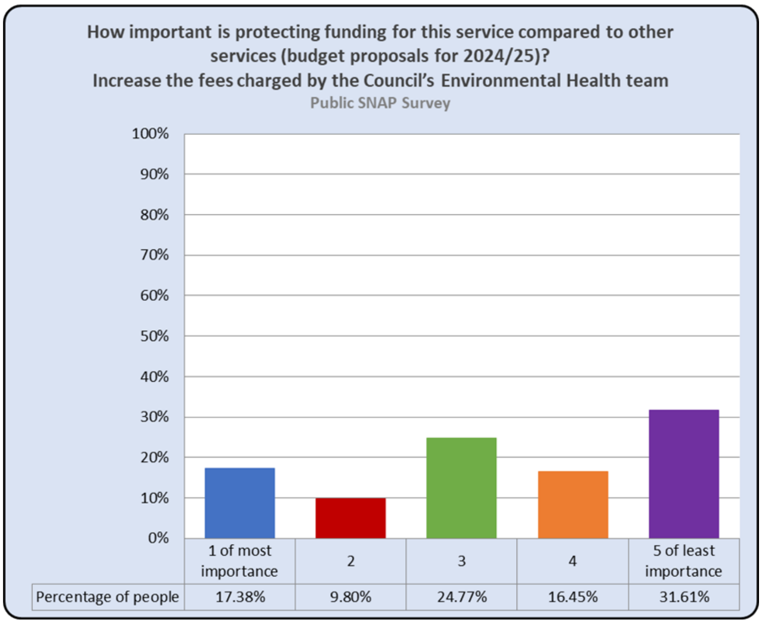
NB: There were 44 no responses.



Q3b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	94	17.38%
2	53	9.80%
3	134	24.77%
4	89	16.45%
5 of least importance	171	31.61%

NB: There were 62 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Increase the fees further in this area which is reflective of the huge increases in rent and profits that private landlords, etc charge.
- Increase fees for HMOs to make them less feasible but reduce fees for family dwellings.
- The only concern I would have is would the full increase be put on the tenants; this would have an adverse effect on them and could lead to more pressure on temp accommodation and homelessness.
- Don't penalise landlords that do not have a large portfolio of houses, landlords with one house get treated the same as landlords with huge portfolios. It's unfair.
- Fully support increasing fees and charges for professional council services to individuals and businesses.
- Any impact of the increase should be monitored in relation to growth of HMO stock in the city. Due to the difficulties with the TA housing subsidy, the council should be careful not to hurt the growth of HMO stock which at present is the best solution for moving households out of TA and onto full housing benefit at the new Local Housing Allowance rates shifting costs off the council and onto the DWP.

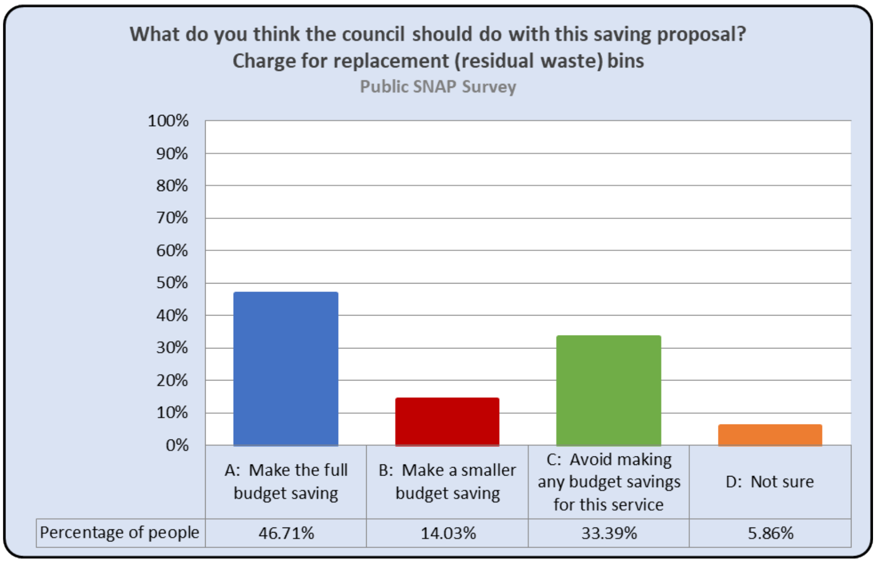
Environment & Public Protection

Charge for replacement (residual waste) bins

Q4a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	263	46.71%
B: Make a smaller budget saving	79	14.03%
C: Avoid making any budget savings for this service	188	33.39%
D: Not sure	33	5.86%

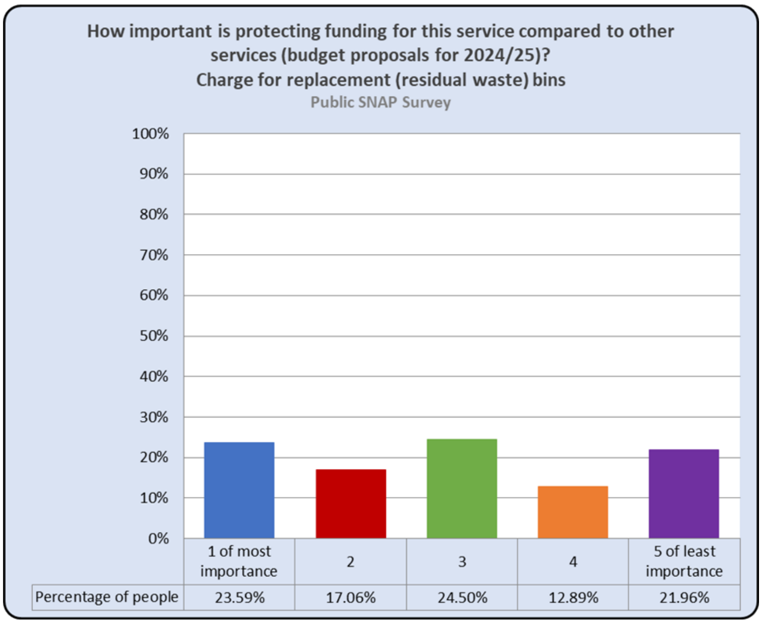
NB: There were 40 no responses.



Q4b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	130	23.59%
2	94	17.06%
3	135	24.50%
4	71	12.89%
5 of least importance	121	21.96%

NB: There were 52 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in the respondent's own words, that indicate the range of responses received:

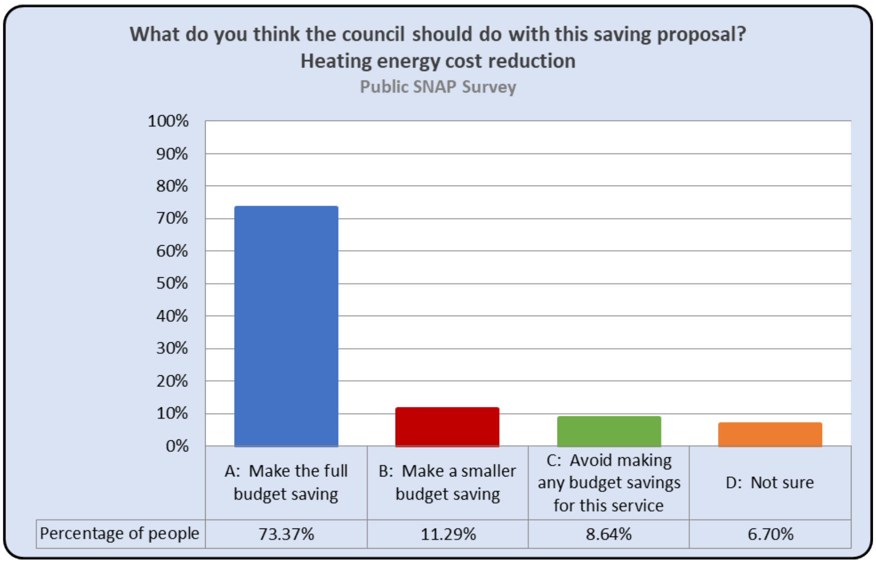
- Agree. But will there be any support for residents in receipt of state benefits such as pensions or Universal Credit?
- Replacement is fine. Initial new bins being charged for are not fine.
- Residents should be held accountable and pay for replacement bins if lost.
- Maybe if the bin is damaged by the refuse collection team, then a free of charge replacement should be provided?
- If you damage your bin you should pay to replace, if you move in with no bins, they should be replaced for free.
- Ensure residents are able to receive bins free if vandalised.
- This would lead to theft of bins.
- Any restriction would result in an increase of 'Fly Tipping'.

Heating energy cost reduction

Q5a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	416	73.37%
B: Make a smaller budget saving	64	11.29%
C: Avoid making any budget savings for this service	49	8.64%
D: Not sure	38	6.70%

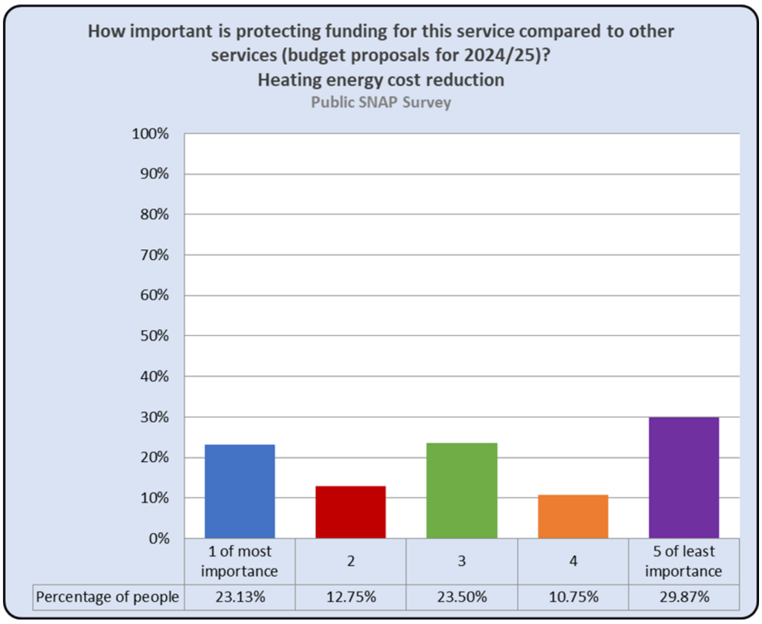
NB: There were 36 no responses.



Q5b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	127	23.13%
2	70	12.75%
3	129	23.50%
4	59	10.75%
5 of least importance	164	29.87%

NB: There were 54 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in the respondent's own words, that indicate the range of responses received:

- Some of these buildings are used by the vulnerable and the elderly. The bit of warmth the get when in these buildings maybe the only warmth they feel all day!!
- The temperature inside council buildings will need to remain at the correct temperature to provide people from becoming ill.
- A minimum 18-19 degree Celsius of temperature should be maintained.
- Council buildings need to be comfortable to use. If the heating costs are too high, use fewer but better insulated and economical, modern buildings.
- You have to spend money to save it in the long term. The windows and proper insulation could be the key in being able to reduce the heating.
- Assess each building before deciding on temperature reductions. Newer buildings should be better insulated and be more energy efficient anyway.

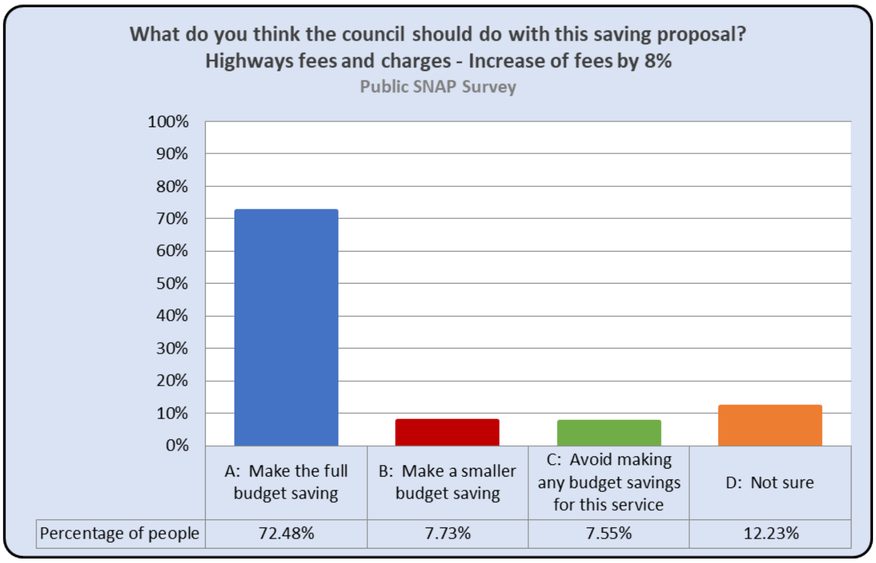
Infrastructure

Highways fees and charges – Increase of fees by 8%

Q6a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	403	72.48%
B: Make a smaller budget saving	43	7.73%
C: Avoid making any budget savings for this service	42	7.55%
D: Not sure	68	12.23%

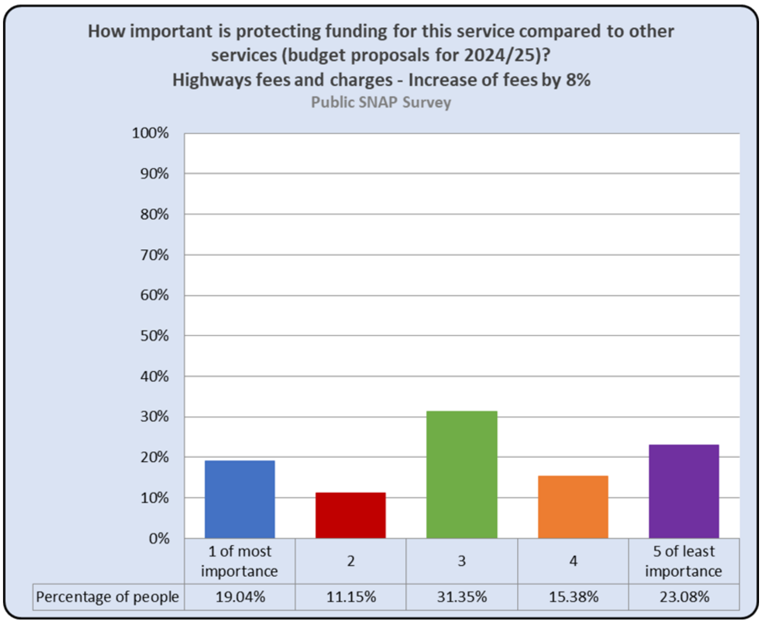
NB: There were 47 no responses.



Q6b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	99	19.04%
2	58	11.15%
3	163	31.35%
4	80	15.38%
5 of least importance	120	23.08%

NB: There were 83 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Utility companies are making huge profits so increasing charges is an excellent idea but once again an 8% increase is nowhere near enough.
- Why is the charge to third parties not covering the cost to administer this service. Increase charge to third parties to cover cost. This should not be financed through the council tax charge.
- Increase the charges but make sure that the money is spent repairing the roads.
- Charge them more – it may encourage quicker work and therefore less disruption also.
- Consider larger increase.
- Often, we see roads closed for long periods of time without any work going on causing disruption.

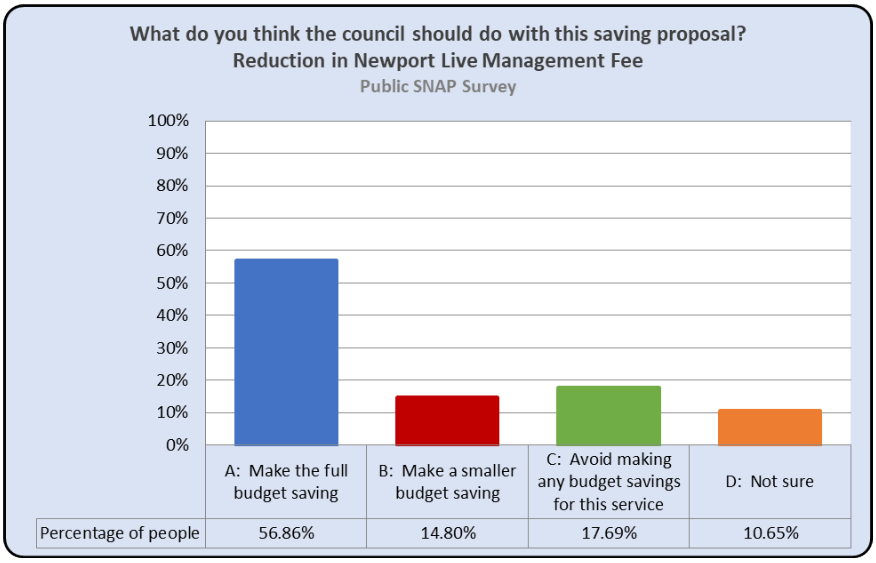
Regeneration & Economic Development

Reduction in Newport Live Management Fee

Q7a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	315	56.86%
B: Make a smaller budget saving	82	14.80%
C: Avoid making any budget savings for this service	98	17.69%
D: Not sure	59	10.65%

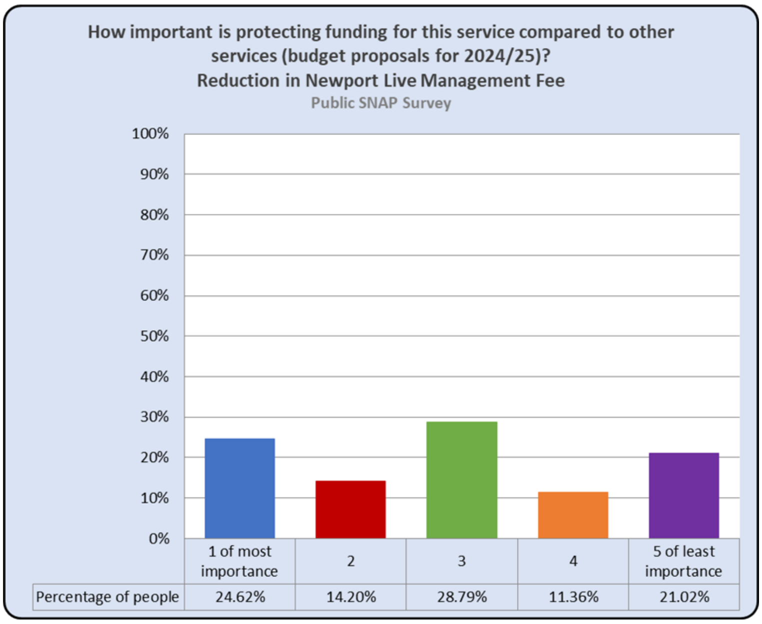
NB: There were 49 no responses.



Q7b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	130	24.62%
2	75	14.20%
3	152	28.79%
4	60	11.36%
5 of least importance	111	21.02%

NB: There were 75 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

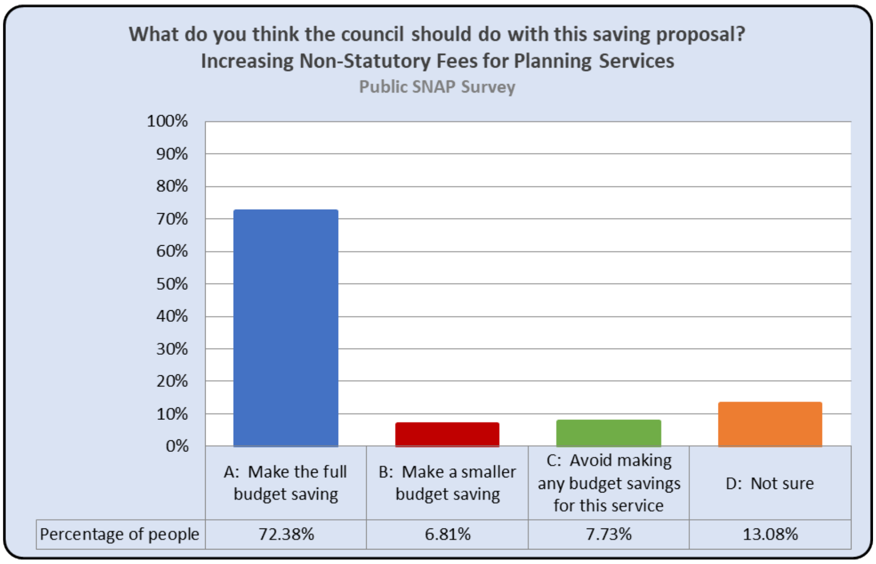
- This service should be self-funding and not linked to council tax.
- Newport Live should be running itself as a business and not be reliant on NCC to bail it out. The idea of Newport Live was to enable them to access grants and funding not available to leisure when they were part of NCC.
- The council should engage with Newport Live to identify the cuts that will be made if this saving is made. The council should ensure that no cuts to gym or leisure facility hours and provision should happen, as these services have an active role in reducing health and social care costs in the long term by ensuring the health and well-being of residents. Further, it should be considered whether any synergies can be achieved, for example whether any provision from Newport Live (e.g. toilets or cafes) can be provided on existing Council premises or if Council provision (e.g. toilets, waste provision, community centres) can be provided on Newport Live premises for dual use e.g. youth clubs in the Riverfront.
- This will result in services being cut. And ultimately more barriers to an already unhealthy city.
- There are more important things at the moment than arts.

Increasing Non-Statutory Fees for Planning Services

Q8a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	393	72.38%
B: Make a smaller budget saving	37	6.81%
C: Avoid making any budget savings for this service	42	7.73%
D: Not sure	71	13.08%

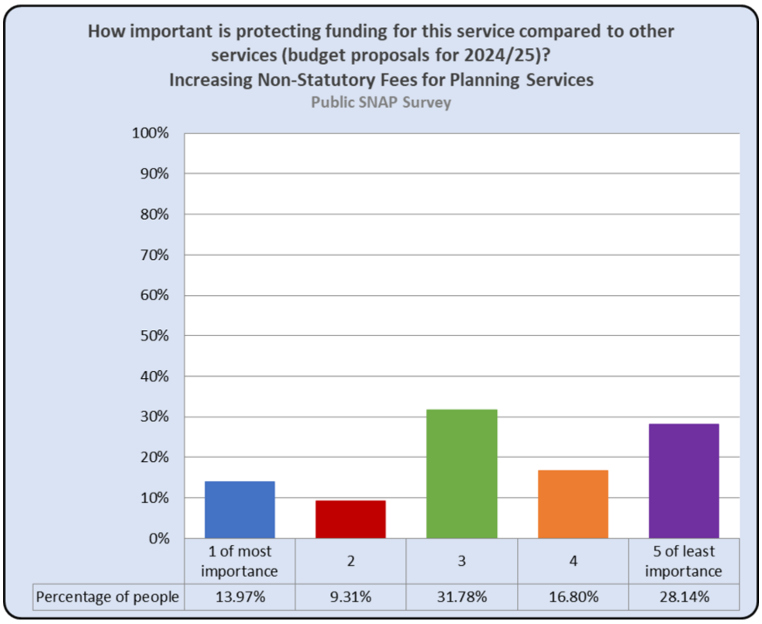
NB: There were 60 no responses.



Q8b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	69	13.97%
2	46	9.31%
3	157	31.78%
4	83	16.80%
5 of least importance	139	28.14%

NB: There were 109 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in the respondent's own words, that indicate the range of responses received:

- Operational costs will have risen since 2019 and these must be reflected.
- Home developers are making record profits – fully support a higher increase.
- In the current climate fees will have to increase in line with everything else – perfectly reasonable.
- The council should review whether it can offer fee discounts for planning related to priority developments. A recent report by the Centre for Cities identified key priorities for Newport in order for it to improve economic development and maximise its public transport infrastructure. It advises that the city should prioritise denser housing and amenities in the city's urban area and ensure housing is built and maximised closest to bus and rail facilities. As much as planning regulations allow, the council should ensure fees are designed to encourage density development in the city and urban areas near public transport, for example to encourage additional bedrooms, additional houses, and HMO or flat conversions in the city urban boundary. Likewise, higher fees should be charged for applications or developments which run counter to this, for example applications on greenfield sites which are not served by public transport or city amenities like shops and facilities.

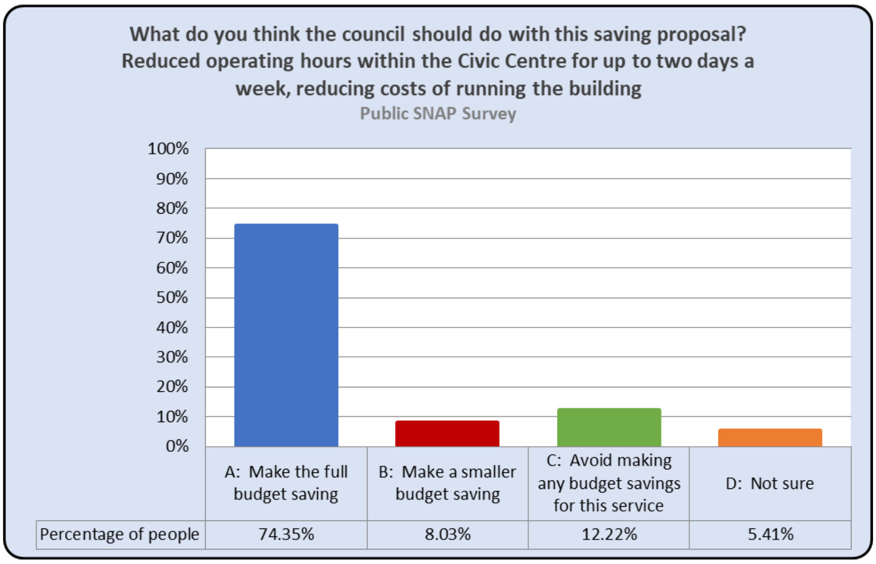
People, Policy & Transformation

Reduced operating hours within the Civic Centre for up to two days a week, reducing costs of running the building.

Q9a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	426	74.35%
B: Make a smaller budget saving	46	8.03%
C: Avoid making any budget savings for this service	70	12.22%
D: Not sure	31	5.41%

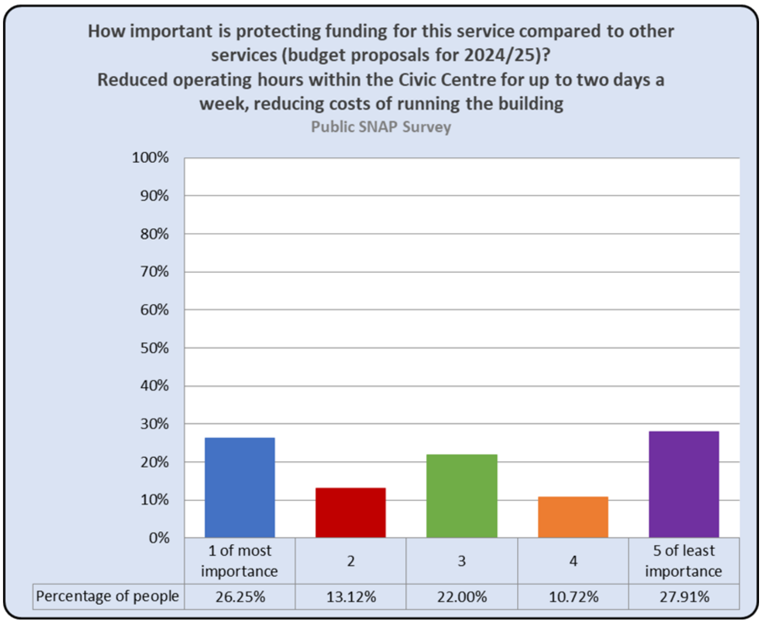
NB: There were 30 no responses.



Q9b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	142	26.25%
2	71	13.12%
3	119	22.00%
4	58	10.72%
5 of least importance	151	27.91%

NB: There were 62 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- Social care needs to be able to access the building daily due to the nature of the role. Staff well-being can be impacted if staff are forced to work from home on a daily basis as this can be isolating, and this can put more pressure on households to have access to the internet and heat their homes.
- Trial a one day closure instead.
- Seems that with the introduction of flexible working the facility is too big and not fit for purpose consider alternative use of building even selling the asset and rent a more efficient building.
- Two days is too extreme and runs the risk of the property falling into disrepair/and potential misuse.
- Improve your online system could you remove this cost altogether.
- Keep a smaller portion of the building open for those who cannot work from home.

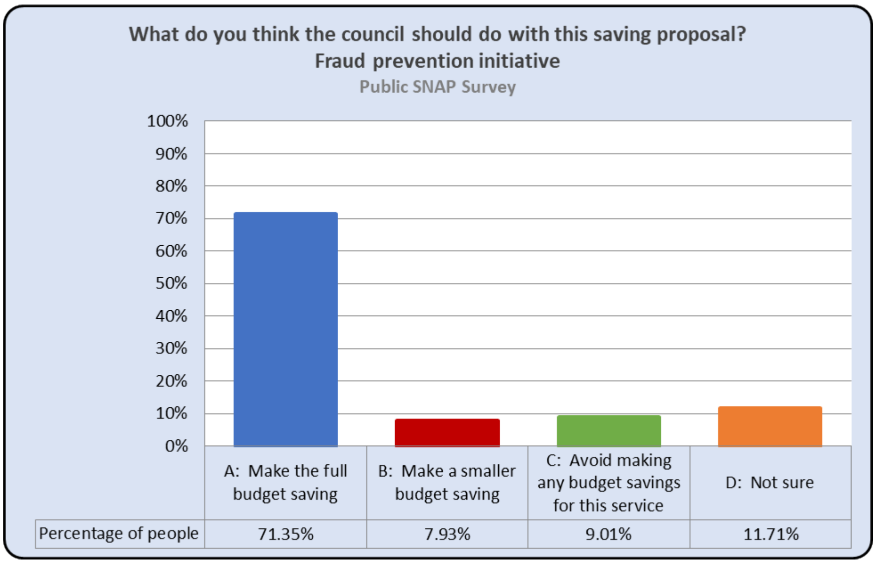
Finance

Fraud prevention initiative

Q10a: What do you think the council should do with this saving proposal?

	No. of people	% of people
A: Make the full budget saving	396	71.35%
B: Make a smaller budget saving	44	7.93%
C: Avoid making any budget savings for this service	50	9.01%
D: Not sure	65	11.71%

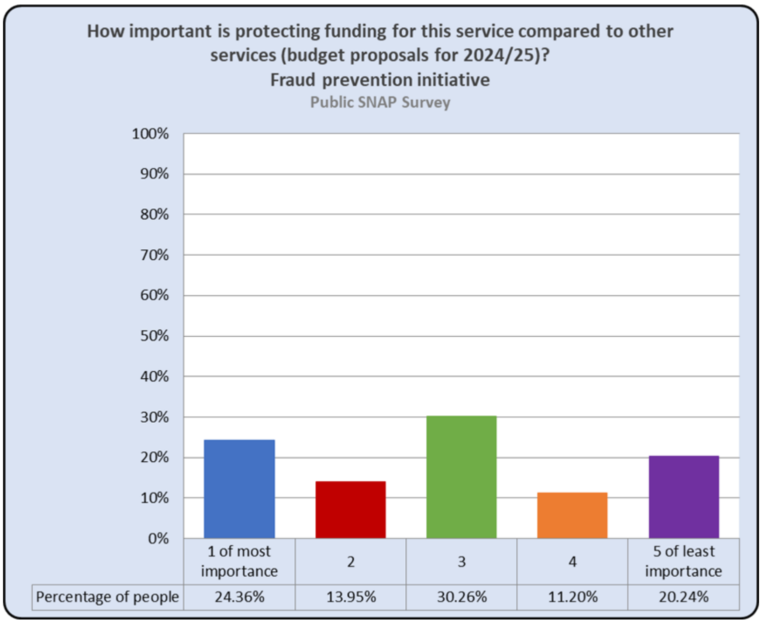
NB: There were 48 no responses.



Q10b: How important is protecting funding for this service compared to other services in the council's budget savings proposals for 2024/25?

	No. of people	% of people
1 of most importance	124	24.36%
2	71	13.95%
3	154	30.26%
4	57	11.20%
5 of least importance	103	20.24%

NB: There were 94 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- As someone who pays their council tax and a significant amount of tax, I firmly agree that penalties should be levied on those who commit benefit fraud.
- As long as the system is cognisant of factors that can impact the stats such as ND or learning disabled people navigating a complex system, or financial abuse from partners.
- Spending money to stop fraud is a good investment.
- Any increase in fraud action needs to be done in a person centred trauma informed way.
- NCC need to fully investigate and cost the total cost of dealing with fraud case (officer time, legal time, court fees) and fully recover these from the individual. This money needs to be reinvested in that service to improve its services and employ more staff to undertake this work. Not reinvesting and pushing this funding into other services defeats the objective.
- Isn't this something the Council already do?

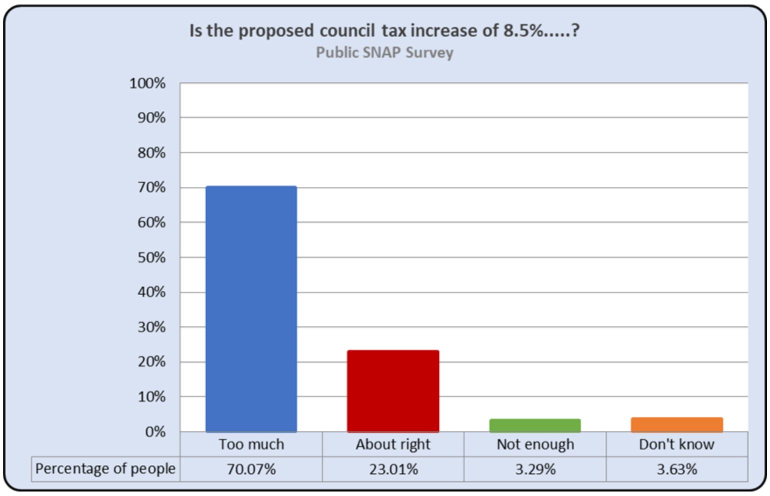
Funding

Council Tax

Q11a: Is the proposed council tax increase of 8.5%......?

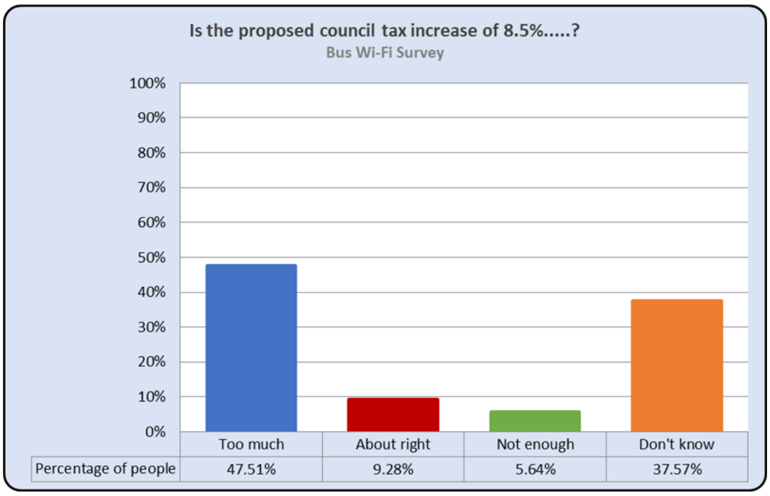
Public SNAP Survey		
Council Tax increase	**No. of people**	**% of people**
Too much	405	70.07%
About right	133	23.01%
Not enough	19	3.29%
Don't know	21	3.63%

NB: There were 25 no responses.



Bus Wi-Fi Survey		
Council Tax increase	**No. of people**	**% of people**
Too much	430	47.51%
About right	84	9.28%
Not enough	51	5.64%
Don't know	340	37.57%

NB: There were 31 no responses.



APPENDIX 9 – BUDGET CONSULTATION RESPONSES

A selection of comments, in respondent's own words, that indicate the range of responses received:

- The cost of living, inflation and an increase in Council Tax will make it even more challenging for many to manage household costs.
- I don't feel increasing council tax at the same time as cutting services/care packages for adults is appropriate. I understand the difficulties faced when balancing budgets however don't agree with this proposal.
- Happy to pay more as long as you stop reducing services. Lately it seems you're asking for more to provide less.
- I'm fine with an increase, but the money needs to go on services we actually use such as improving roads.
- Newport's council tax has been historically low and there is protection to the more vulnerable members of society.
- If Newport is around 10% lower than the Welsh average, then 8.5% increase would be a fair increase. Even that would still be lower than the Welsh average.

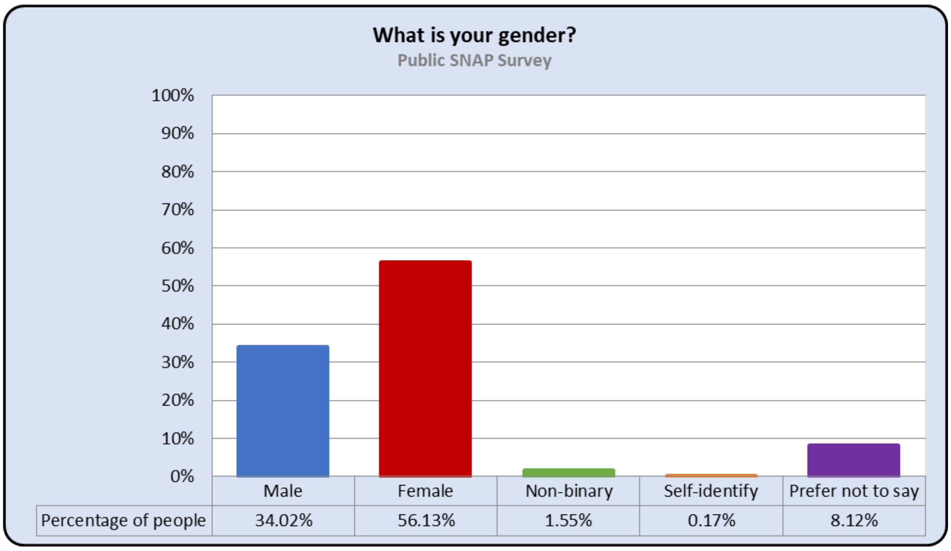
Equalities Monitoring

Q12: What is your gender?

Public SNAP Survey		
Gender	No. of people	% of people
Male	197	34.02%
Female	325	56.13%
Non-binary	9	1.55%
Self-identify	1	0.17%
Prefer not to say	47	8.12%

NB: There were 24 no responses.

Self-identify: Female



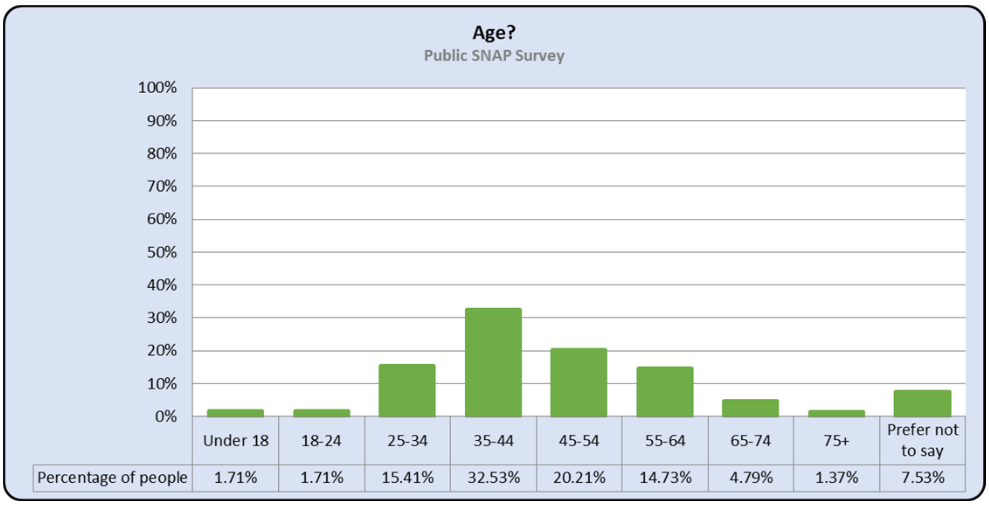
Q13: What is your age?

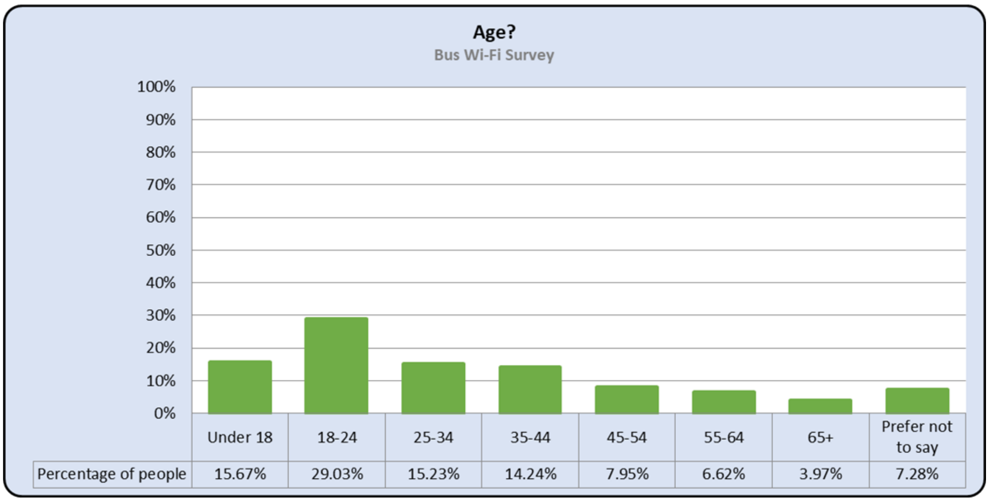
Public SNAP Survey		
Age	**No. of people**	**% of people**
Under 18 years old	10	1.71%
18-24 years old	10	1.71%
25-34 years old	90	15.41%
35-44 years old	190	32.53%
45-54 years old	118	20.21%
55-64 years old	86	14.73%
65-74 years old	28	4.79%
75 years or older	8	1.37%
Prefer not to say	44	7.53%

NB: There were 19 no responses.

Bus Wi-Fi Survey		
Age	**No. of people**	**% of people**
Under 18 years old	142	15.67%
18-24 years old	263	29.03%
25-34 years old	138	15.23%
35-44 years old	129	14.24%
45-54 years old	72	7.95%
55-64 years old	60	6.62%
65+	36	3.97%
Prefer not to say	66	7.28%

NB: There were 30 no responses.





APPENDIX 9 – BUDGET CONSULTATION RESPONSES

Q14: What area of Newport do you live in?

Public SNAP Survey		
Ward	No. of people	% of people
Allt-Yr-Yn	47	8.30%
Alway	21	3.71%
Beechwood	34	6.01%
Bettws	12	2.12%
Bishton & Langstone	22	3.89%
Caerleon	20	3.53%
Gaer	14	2.47%
Graig	14	2.47%
Llanwern	21	3.71%
Lliswerry	34	6.01%
Malpas	47	8.30%

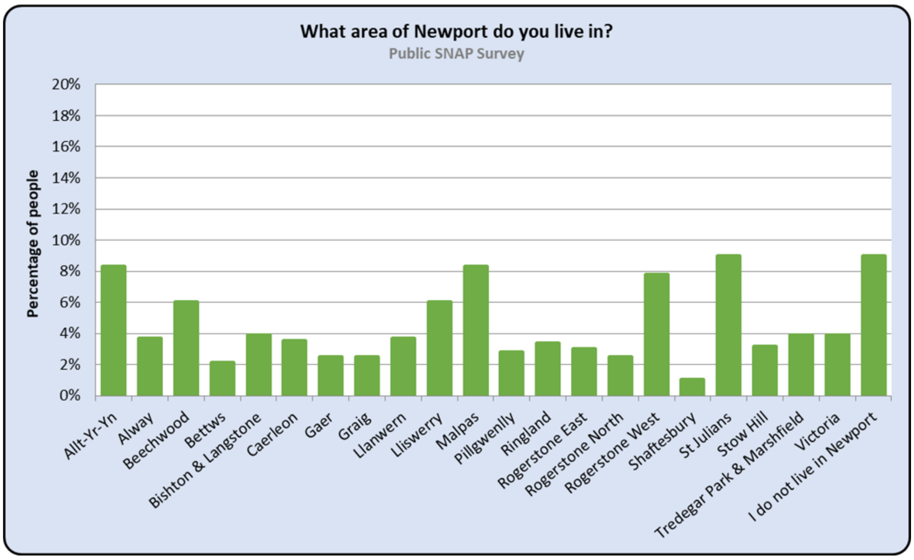
Public SNAP Survey		
Ward	No. of people	% of people
Pillgwenlly	16	2.83%
Ringland	19	3.36%
Rogerstone East	17	3.00%
Rogerstone North	14	2.47%
Rogerstone West	44	7.77%
Shaftesbury	6	1.06%
St Julians	51	9.01%
Stow Hill	18	3.18%
Tredegar Park & Marshfield	22	3.89%
Victoria	22	3.89%
Prefer not to say	51	9.01%

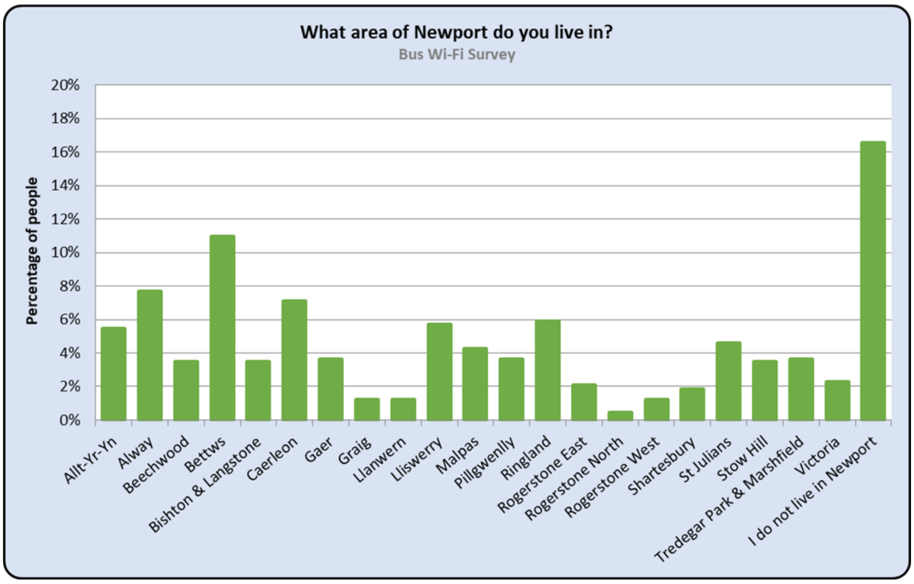
NB: There were 37 no responses.

Bus Wi-Fi Survey		
Ward	No. of people	% of people
Allt-Yr-Yn	50	5.48%
Alway	70	7.68%
Beechwood	32	3.51%
Bettws	100	10.96%
Bishton & Langstone	32	3.51%
Caerleon	65	7.13%
Gaer	33	3.62%
Graig	11	1.21%
Llanwern	11	1.21%
Lliswerry	52	5.70%
Malpas	39	4.28%

Bus Wi-Fi Survey		
Ward	No. of people	% of people
Pillgwenlly	33	3.62%
Ringland	54	5.92%
Rogerstone East	19	2.08%
Rogerstone North	4	0.44%
Rogerstone West	11	1.21%
Shaftesbury	17	1.86%
St Julians	42	4.61%
Stow Hill	32	3.51%
Tredegar Park & Marshfield	33	3.62%
Victoria	21	2.30%
I don't live in Newport	151	16.56%

NB: There were 24 no responses.

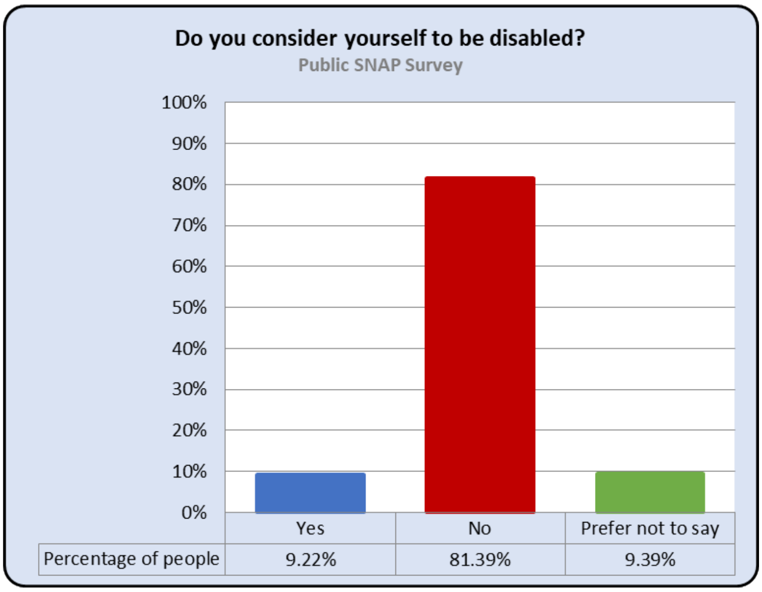




Q15: Do you consider yourself to be disabled?

Disabled	No. of people	% of people
Yes	53	9.22%
No	468	81.39%
Prefer not to say	54	9.39%

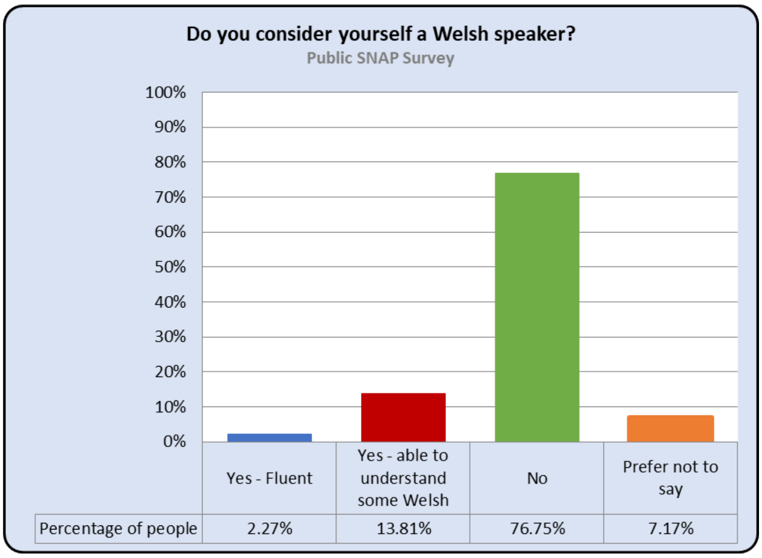
NB: There were 28 no responses.



Q16: Do you consider yourself a Welsh speaker?

Welsh speaker	No. of people	% of people
Yes - Fluent	13	2.27%
Yes - able to understand some Welsh	79	13.81%
No	439	76.75%
Prefer not to say	41	7.17%

NB: There were 31 no responses.



Q17: What is your ethnic group?

Public SNAP Survey		
Ethnicity	**No. of people**	**% of people**
White - Wel / Eng / Sco / NI / British	473	82.55%
White - Irish	3	0.52%
Gypsy or Irish Traveller	0	0.00%
Roma	0	0.00%
Any other White background	14	2.44%
White & Black Caribbean	4	0.70%
White & Asian	2	0.35%
White & Black African	0	0.00%
Other Mixed	2	0.35%
Indian	3	0.52%

Public SNAP Survey		
Ethnicity	**No. of people**	**% of people**
Pakistani	2	0.35%
Bangladeshi	1	0.17%
Other Asian	2	0.35%
Black African	1	0.17%
Black Caribbean	0	0.00%
Other Black	3	0.52%
Arab	3	0.52%
Chinese	1	0.17%
Other ethnic group	1	0.17%
Prefer not to say	58	10.12%

NB: There were 30 no responses.

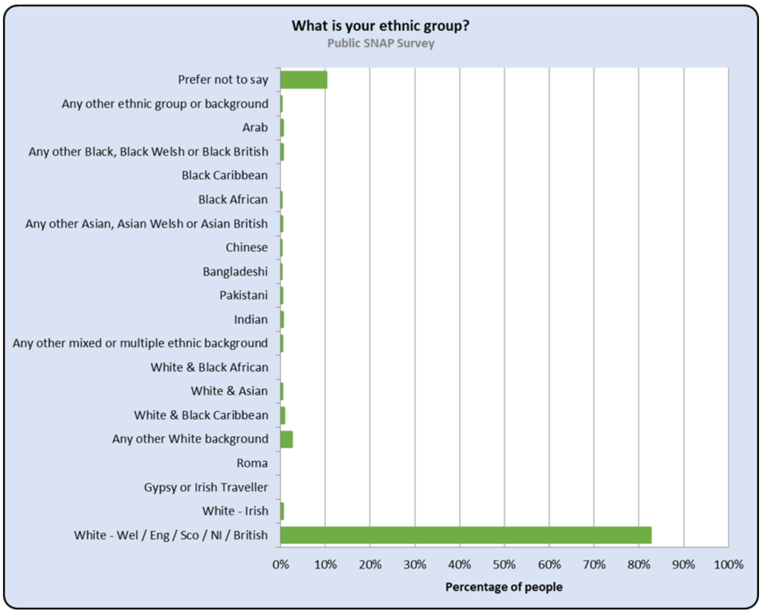
Other White		Other Asian	Other ethnic group
Polish	White European	Asian Welsh	Black Welsh
White Mexican	German	British national, but background is Indian	Black British
Turkish	Caucasian		
UK-EU			

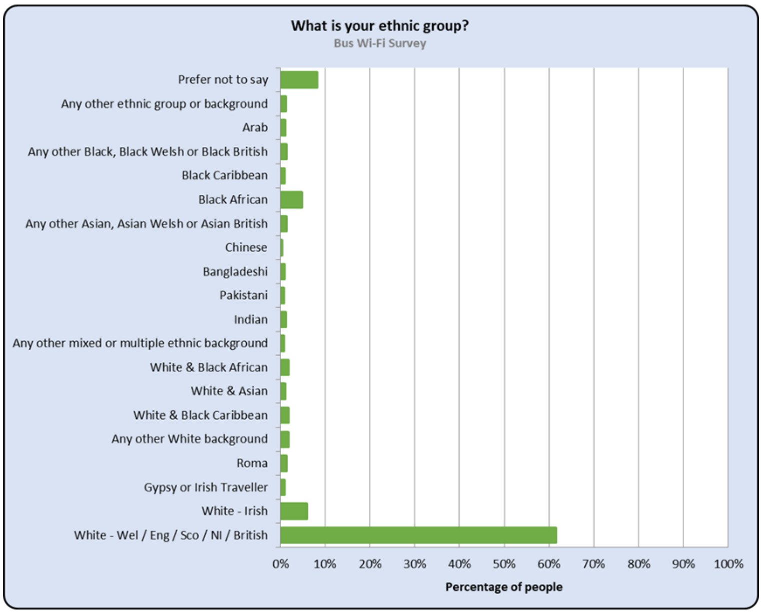
APPENDIX 9 – BUDGET CONSULTATION RESPONSES

Bus Wi-Fi Survey		
Ethnicity	**No. of people**	**% of people**
White - Wel / Eng / Sco / NI / British	565	61.55%
White - Irish	55	5.99%
Gypsy or Irish Traveller	9	0.98%
Roma	13	1.42%
Any other White background	17	1.85%
White & Black Caribbean	17	1.85%
White & Asian	10	1.09%
White & Black African	16	1.74%
Other Mixed	8	0.87%
Indian	12	1.31%

Bus Wi-Fi Survey		
Ethnicity	**No. of people**	**% of people**
Pakistani	8	0.87%
Bangladeshi	9	0.98%
Other Asian	13	1.42%
Black African	44	4.79%
Black Caribbean	9	0.98%
Other Black	13	1.42%
Arab	10	1.09%
Chinese	4	0.44%
Other ethnic group	11	1.20%
Prefer not to say	75	8.17%

NB: There were 18 no responses.





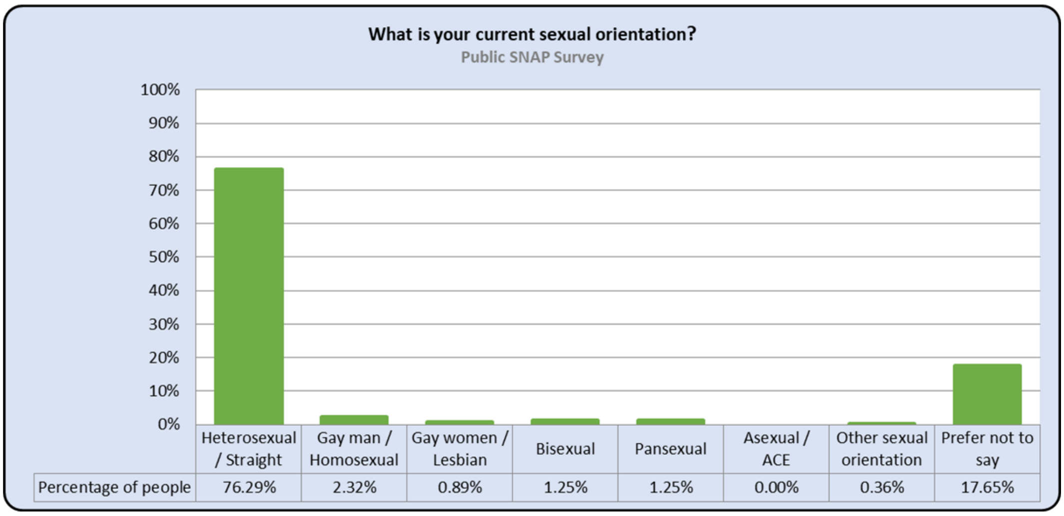
Q18: What is your current sexual orientation?

Sexual Orientation	No. of people	% of people
Heterosexual / Straight	428	76.29%
Gay man / Homosexual	13	2.32%
Gay women / Lesbian	5	0.89%
Bisexual	7	1.25%

Sexual Orientation	No. of people	% of people
Pansexual	7	1.25%
Asexual / ACE	0	0.00%
Other sexual orientation	2	0.36%
Prefer not to say	99	17.65%

NB: There were 42 no responses.

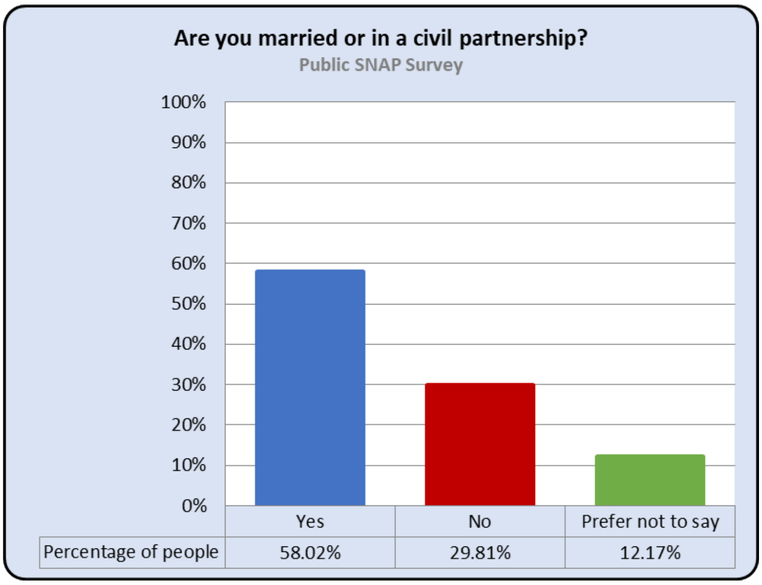
Other: Transexual // Super straight



Q19: Are you married or in a civil partnership?

Married	No. of people	% of people
Yes	329	58.02%
No	169	29.81%
Prefer not to say	69	12.17%

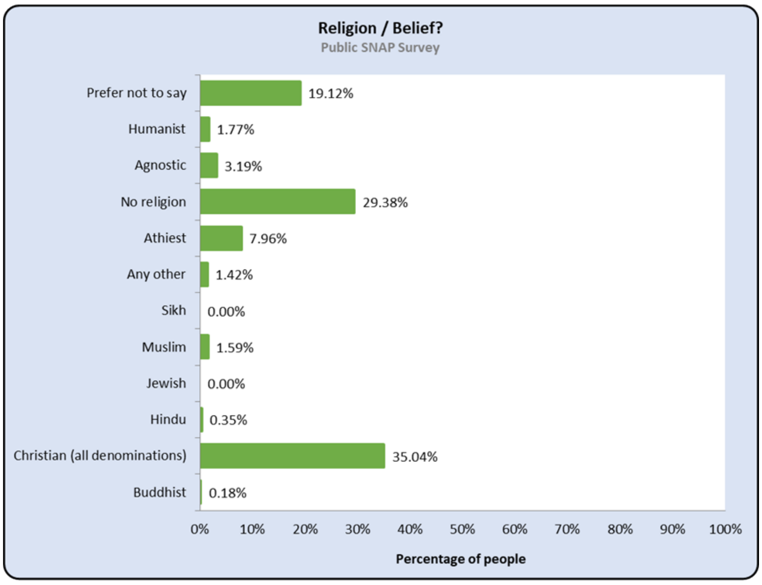
NB: There were 36 no responses.



Q20: Religion / Belief?

Religion / Belief	No. of people	% of people	Religion / Belief	No. of people	% of people
Buddhist	1	0.18%	Any other	8	1.42%
Christian (all)	198	35.04%	Atheist	45	7.96%
Hindu	2	0.35%	No religion	166	29.38%
Jewish	0	0.00%	Agnostic	18	3.19%
Muslim	9	1.59%	Humanist	10	1.77%
Sikh	0	0.00%	Prefer not to say	108	19.12%

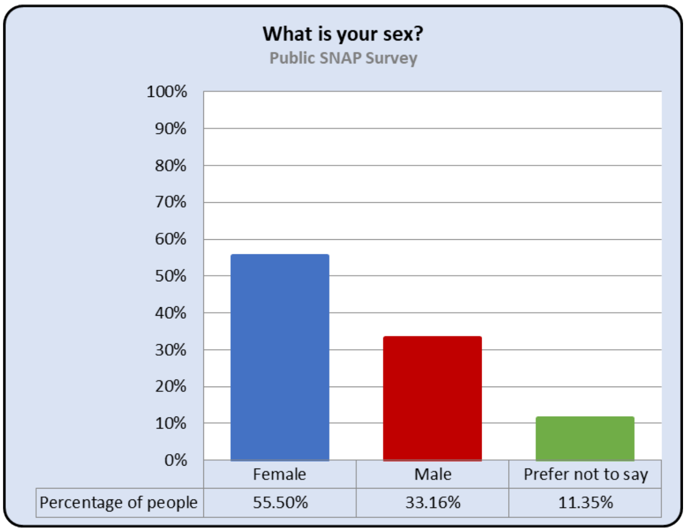
NB: There were 38 no responses.



Q21: What is your sex?

Sex	No. of people	% of people
Female	313	55.50%
Male	187	33.16%
Prefer not to say	64	11.35%

NB: There were 39 no responses.

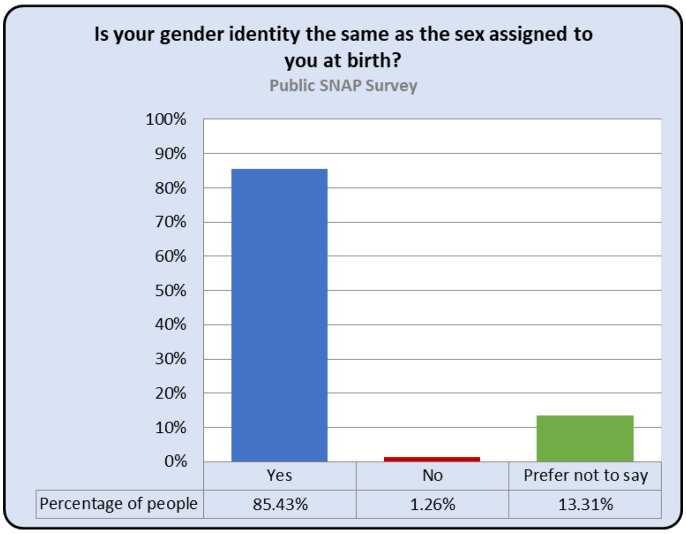


APPENDIX 9 – BUDGET CONSULTATION RESPONSES

Q22: Is your gender identity the same as the sex assigned to you at birth?

Identity assigned at birth	No. of people	% of people
Yes	475	85.43%
No	7	1.26%
Prefer not to say	74	13.31%

NB: There were 47 no responses.



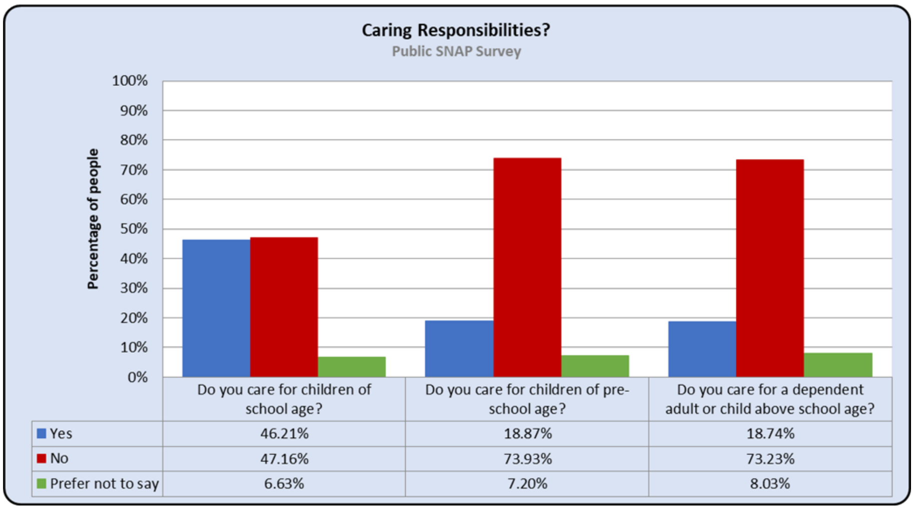
Q23: Caring Responsibilities?

School age	No. of people	% of people
Yes	244	46.21%
No	249	47.16%
Prefer not to say	35	6.63%

Pre-school age	No. of people	% of people
Yes	97	18.87%
No	380	73.93%
Prefer not to say	37	7.20%

Dependent adult	No. of people	% of people
Yes	98	18.74%
No	383	73.23%
Prefer not to say	42	8.03%

NB: There were 75 no responses (school age); 89 no responses (pre-school age); and 80 no responses (dependent adult).



Minutes

NEWPORT CITY COUNCIL
CYNGOR DINAS CASNEWYDD

Performance Scrutiny Committee - Place and Corporate

Date:	15 January 2024
Time:	12.00 pm
Present:	Councillors M Howells (Chair), J Cleverly, S Adan, J Harris, G Horton, A Pimm, C Reeks, J Reynolds and K Thomas
In Attendance:	Paul Jones (Strategic Director – Environment and Sustainability), Rhys Cornwall (Strategic Director – Transformation and Corporate Centre), David Walton (Head of Housing and Communities), Silvia Gonzalez-Lopez (Head of Environment and Public Protection), Stephen Jarrett (Head of Infrastructure), Tracey Brooks (Head of Regeneration and Economic Development), Elizabeth Bryant (Head of Law and Standards), Tracy McKim (Head of People, Policy and Transformation), Meirion Rushworth (Head of Finance), Mark Howcroft (Senior Finance Business Partner (Place and Corporate)), Leanne Rowlands (Democratic and Electoral Services Manager), Neil Barnett (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)

1 **Apologies**

Councillor Linton

2 **Declaration of Interest**

None.

3 **Minutes of the previous meetings held on 27th November 2023 and 11th December 2023**

The Minutes of the previous meetings held on 27th November 2023 and 11th December 2023 were held as a true and accurate record with the following amendment:

27th November 2023 – page 8, point 6 – ***"The Strategic Director noted that bringing all unadopted roads up to standard would cost £12 million, which is not viable considering the current financial position."*** The Committee wished to include more detail from the discussion in the minutes so residents are aware of the road adoption process. The Scrutiny Adviser advised the Committee that this would be amended.

4 **2024-25 Budget and Medium Term Financial Projections**

Invitees:

- Paul Jones – Strategic Director – Environment and Sustainability
- Rhys Cornwall – Strategic Director – Transformation and Corporate Centre
- Meirion Rushworth – Head of Finance

- David Walton – Head of Housing and Communities
- Silvia Gonzalez-Lopez – Head of Environment and Public Protection
- Stephen Jarrett – Head of Infrastructure
- Elizabeth Bryant – Head of Law and Standards
- Tracey Brooks – Head of Regeneration and Economic Development
- Tracy McKim – Head of People, Policy and Transformation

The Head of Finance introduced a brief overview of the budget process.

Budget Pressures and Investments
The following was discussed:

Housing and Communities
Shortfall in Housing Benefit subsidy arising from increasing demand for temporary accommodation

- The Committee raised concerns about the reduction in the Communities for Work grants by the Welsh Government and its impact on homelessness services. They questioned if the proposed additional funding of £600,000 would be sufficient, considering the £1 million overspend from the previous year. They also enquired about strategic asset investment to address the reliance on bed and breakfast accommodations for temporary accommodation and homelessness. The Head of Housing and Communities advised ongoing work with Registered Social Landlord partners to develop more social and transitional accommodations and emphasised the focus on homelessness prevention. The Strategic Director acknowledged the increasing pressures and the need for a long-term plan to address homelessness, while also highlighting the need to monitor the impact of grant changes and refine the financial position accordingly.

Environment and Public Protection
Costs associated with increasing requirement for tree maintenance

- The Head of Environment and Public Protection explained that the ongoing costs associated with tree maintenance, including the need for intervention in various tree species, are separate from the specific project addressing ash dieback. The maintenance costs are attributed to the ongoing need to manage and maintain trees on public land, adopted highways, schools, and other areas due to issues causing structural damage and the need to increase tree cover. This ongoing maintenance proves to be quite costly in terms of resources.
- The Committee asked about the projected costs for tree maintenance in the next few years, and the Head of Finance confirmed the figures. The Committee expressed the need for clearer communication regarding such budget items. The Head of Finance acknowledged the suggestion of aligning budget reports for better clarity.
- The Committee asked about the Council's equipment and capabilities for tree maintenance in relation to ash dieback and whether any of the allocated £115,000 would go towards plant and equipment. The Strategic Director explained that the majority of tree maintenance work is outsourced to contractors due to the need for specialised machinery, such as cranes, which would not be cost-effective for the Council to own.
- The Committee questioned whether the allocated budget of £115,000 for tree maintenance in subsequent years could vary, and the Strategic Director confirmed

that it could fluctuate based on historic performance and the identification of tree defects.

Landfill site closure – associated loss of income.

- The Committee enquired about the £975,000 investment related to the closure of the landfill site and its associated loss of income. The Head of Environment and Public Protection explained that the landfill site at the Docks Way site is reaching the end of its life and will no longer be able to accept waste, leading to a loss of income. The Strategic Director clarified that there are no plans for a new landfill site, as the trend is towards reducing disposal and increasing recycling and incineration. The Committee also sought clarification on the impact of the landfill closure on commercial businesses in Newport. The Head of Environment and Public Protection advised on the upcoming workplace regulations that will require businesses to segregate recycling, leading to a decrease in residual waste. Additionally, the Committee sought assurance that the Council would continue to provide businesses with waste collection services. The response confirmed that the Council would continue waste collection services, and non-recyclable waste would be directed to Trident Park for disposal.

- The Strategic Director clarified that the closure of the landfill site would only affect the disposal of waste into the landfill, and that the site's commercial operations and public waste disposal facilities would remain the same. Additionally, the Strategic Director advised that medium-sized businesses may need to consider alternative waste disposal methods, such as incineration, due to cost-effectiveness and tax considerations.

Infrastructure

Bus station departure charges

- The Committee questioned the £225,000 pressure for bus station departure charges and the lack of a budget allocation for the following year. The Head of Infrastructure explained that public transport operators pay a departure charge to use the bus stations, but the bus industry is undergoing significant funding changes. The end of bus transition funding and the consideration of new funding contribute to the pressure. Increasing the departure charge to cover the gap could negatively impact bus routes and residents.

- The Committee enquired about the previous identification of the budget shortfall related to bus departure charges, which the Strategic Director confirmed would have been covered by subsidies in the past. They also discussed the historical context of the issue, highlighting that the shortfall was not a recent development due to the end of transitional funding. The Strategic Director explained that the costs have increased over the years, leading to the current gap in the budget. The Committee sought clarification on whether the figure represented actual costs or a loss of revenue, to which the Strategic Director confirmed it as a loss of revenue. They also discussed the contributions from bus companies and the impact of the departure charge on the budget shortfall. The Strategic Director emphasised the significant gap between the realistic expectation of bus departures and the budgeted revenue. Finally, the Committee enquired about addressing the issue in the future, to which the Strategic Director explained that once the pressure is addressed, the gap in the budget would be eliminated.

- The Committee expressed their concern about including the bus costs in the budget every year without finding a solution. The Strategic Director explained that one alternative would be to pass the costs fully to the bus companies, but this could result in a significant reduction in bus services. The Committee mentioned the need to wait for the Burns report to assess the impact of any changes.

- The Strategic Director explained that the Council subsidises bus routes in various ways, but this budget investment specifically focused on departure charges. The Chair emphasised the need to understand the current payment before determining if there is a deficit. The Strategic Director clarified that the gap in the budget developed due to a decrease in the number of bus journeys, resulting in a shortfall. The Head of Finance provided additional context, advising that many councils charge bus operators for accessing and using bus facilities to cover the costs of infrastructure maintenance. They acknowledged that the current departure charge may not fully cover the costs but increasing it significantly would require careful consideration. The Committee expressed the need for the cost per trip to align with the actual maintenance costs. The Head of Finance acknowledged the comment and explained that the budget adjustments were necessary to ensure the budget is appropriately sized. The cost per trip could be a topic for discussion during the budget review.

- The Committee questioned why the bus charges were not recurring in the budget and why they were not being included. They expressed concerns about inflation and the potential impact on bus services, suggesting that the budget should reflect these ongoing costs. The Head of Finance clarified that there is an existing budget for departure charges, and the £225,000 mentioned is a reduction in that budget line. The bus companies will continue to be charged for using the bus station, and the adjustment is necessary to ensure the budget is appropriately sized. The Committee asked if there would be additional costs in the coming years, to which the Head of Finance explained that it would depend on factors such as bus patronage and service levels. They acknowledged the need to consider future developments, such as the Burns report and the city centre’s housing and transportation provisions. The Head of Finance mentioned that if there is higher patronage and more bus services in the future, there could potentially be savings associated with the budget. The Committee emphasised the importance of considering these factors in the budget and showing indicators of future considerations. The Head of Finance clarified that the Medium Term Financial Plan (MTFP) covers a three-year period and assumes a certain level of bus patronage for the next year and relatively flat levels for the following two years. Adjustments can be made if there are changes in bus services and patronage patterns.

<u>Fleet maintenance – budget pressures in relation to tyres and other supplies.</u>

- The Committee raised concerns about the ongoing budget pressure for tyres and other supplies, questioning whether it would be included in the budget for future years. The Head of Finance confirmed that once a figure appears in the budget, it is assumed to be a permanent and ongoing cost unless there is a negative adjustment in the following year.

- The Committee questioned why the maintenance contract did not include services such as tyre replacement to avoid repeated payments, and suggested renegotiating the contract to include all maintenance services. The Head of Infrastructure explained that they already secure services competitively and ensure appropriate purchasing through term or framework contracts. The Strategic Director advised that the contract is for a specific duration and parts prices tend to increase over time. The Chair asked if the Council leases vehicles, to which the Strategic Director clarified that the discussion pertained to the maintenance of Council-owned vehicles. The Chair suggested that tyre replacement could be included in the lease charge for full repairs. The Strategic Director acknowledged that such negotiations may have been considered during procurement, but factors such as the number of vehicles and the rising costs of parts and staff wages need to be taken into account.

Regeneration and Economic Development

Staffing resource to fulfil the client role in relation to leisure services.

- The Committee requested a broad outline of the new role and if a job description had been written for it. The Head of Regeneration and Economic Development explained that the funding management areas are complex, with a document of about 600 pages outlining the Council's expectations and the services to be delivered by Newport Live. They have monthly liaison meetings with Newport Live to discuss relevant issues, but there is room for improvement in understanding the finer details of the funding management agreement. The Committee expressed the need for a better mechanism to provide feedback from constituents regarding the services of Newport Live. They suggested following up on this matter when someone is in place to address it.

- The Head of Regeneration and Economic Development advised that they have client contracts but not one specifically for Newport Live, which is a significant multi-million pound contract. They believe that having additional resources would help them manage the contract more effectively, as it currently requires a significant amount of their time. While they cannot guarantee savings or efficiencies at the moment, they believe that having more focus and scrutiny on contract management would be beneficial, especially considering feedback from audit reviews. The Strategic Director emphasised that Newport Live is delivering services on behalf of the committee. The goal is to ensure that the Council has enough resources to effectively oversee these services. This is seen as an opportunity to address any deficiencies and improve the overall management of the contract.

- The Committee raised concerns about whether the proposed position is necessary for one person, considering that it hasn't been needed previously. They also highlighted the significant salary of £65,000, which they consider to be a reasonably senior position within the Council. They questioned the savings or benefits that would be delivered by this position, especially in a time of budget cuts. The Head of Regeneration and Economic Development emphasised the importance of maximising efficiency and return on the multi-million pound contract with Newport Live. They felt that having someone dedicated to scrutinising the contract and ensuring accurate reporting to the Council is necessary. While they acknowledged that additional efficiencies may be derived, they currently allocated a portion of their and the service manager's time to this task.

Energy budget requirement for new leisure centre.

- The Committee expressed doubts about the figures regarding the energy budget requirement for the new leisure centre, and commented that £500,000 has been allocated to subsidise the medium-term financial plan for this year and the next, but they believe that it doesn't cost £500,000 to run the leisure centre. They suggest that there may be a surplus from the centre that could potentially cover the £500,000 required in year three. The Strategic Director explained that the current budget associated with Newport Centre for energy is £500,000, which has been treated as a saving for the Council in the next two years. However, it was always understood that this money would need to be returned to the budget once the leisure centre was operational. They highlighted that the Council has benefited from this arrangement for the past two years, and the money would be allocated back into the budget in year three.

- The Committee questioned whether the energy costs would reduce significantly, considering the zero carbon nature of the building and the significant solar investment. They wondered if the costs would be much less than half a million pounds going forward. The Strategic Director responded, explaining that the original budget for energy costs was higher. Adjustments were made when energy prices increased, and some net savings were put forward last year. The challenge lies in the transition from gas to electricity. The savings from using electricity are currently marginal compared to gas, as the price of gas was cheaper. The long-term projection is that the price of gas will increase as necessary, and electricity costs will be lower. The Strategic Director noted that gas cannot be used past 2030, meaning that while there are some savings due to energy efficiency, the fact that gas cannot be used going forward offsets some of those savings.

Law and Standards

Increased contribution to Coroner's Service, resulting from additional staffing resources and the running costs of the new building.

- The Committee enquired about the input of other councils in the increased costs of the Coroner's Service. The Head of Law and Standards confirmed that other councils are fully involved in the process and will contribute based on their population size.
- The Committee clarified that the minimum investment needed from Newport City Council's perspective is £85,000, which is the Council's share of the investment.

Resources (external and internal) required to support the Transformation Programme.

- The Committee asked if there are plans to take into account the Welsh Government's policy of taking profit out of children's care when looking at children's care transformation. The Strategic Director referred to the Eliminate agenda and the regional and Newport transmission teams associated with it, which are already looking at the transformation of children's care. The Performance Scrutiny Committee - People would be involved in the ongoing work related to the transformation. The Strategic Director highlighted the link between the Eliminate agenda and the assets work, with the goal of reducing the burden on the Council and ensuring the right assets are in place for children's services.
- The Committee expressed concern about the high percentage of children in care in the private sector and the need to address the lack of existing assets. The Strategic Director advised of the existence of an asset board and the involvement of the Head of Children's Services in that agenda.

People, Policy and Transformation

Property budget pressures, including income shortfalls and additional maintenance costs

- When advised about the price pressures in estate management, the Committee queried an underspend of £115,000 in 2025-26 that was forecasted. The Head of People, Policy and Transformation agreed to look at these figures and confirm. ***(Following the meeting, it was clarified that the £115,000 was not referring to a future underspend, but the reversal of a temporary budget pressure introduced in 2023/24. The Head of People, Policy and Transformation confirmed that there was an overspending situation year on year.)***

New Budget Savings for Consultation

02 - To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.

- The Committee expressed support for transforming Malpas Court due to its underutilisation, but opposed the closure of Pill Library, highlighting its importance to the BME community and its role in education and language learning. The Committee suggested relocating the Community at Work team to the library space in Bettws Library and utilising it for workshops and services for young people. The Head of Housing and Communities acknowledged the importance of libraries to communities and expressed willingness to consider the Committee's input during the consultation process.

- The Committee questioned the workload and responsibilities of the proposed Community Librarian position, which would replace two grade five posts. They expressed concern about one person covering the entire area of Newport and requested more details on the role's responsibilities. The Head of Housing and Communities explained that the workload would be manageable within the existing structure, with support from the community regeneration manager and library manager. The specific program of events and services would be shaped through consultation and tailored to meet the needs of the community.

<u>03 - Charge for replacement (residual waste) bins</u>

- The Committee asked if there would be any dispensation for residents who are unable to control the safety of their bins, such as those living in areas prone to theft or without secure storage. The Head of Environment and Public Protection clarified that the charging only applies to refuse bins, while recycling boxes and garden waste bins would still be provided free of charge. The provision of bins incurs costs related to managing requests and delivery. The Head of Environment and Public Protection acknowledged that some locations may be more disadvantaged in terms of bin placement, but the measure would apply equally to all residents. The Committee enquired about whether residents were charged for replacement bins in the previous year and the revenue generated. The Head of Environment and Public Protection confirmed that the measure was not implemented in the previous year.

- The Head of Environment and Public Protection confirmed that the charge for a replacement residual waste bin would be £23.70, and this appears in the Fees and Charges section in Appendix 5 of the agenda.

<u>04 - Highways fees and Charges - Increase of Fees by 8%</u>

- The Committee enquired about the allocation of funds for unexpected issues such as potholes and pipe repairs. The Head of Infrastructure explained that there is a revenue budget specifically designated for reactive maintenance, including pothole repairs. The budget is utilised on an annual basis to address these issues as they arise. Highway inspectors and customer contacts help identify areas that require action related to potholes. The Chair advised the Committee that the Highways Asset Management Plan will provide more detailed information on maintaining and repairing highways, which will be discussed in future committee meetings. The Strategic Director confirmed that the core revenue budget for highways maintenance has not changed as part of the budget proposals.

<u>05 - Reduction in Newport Live Management Fee</u>

- The Committee enquired about whether the reduction in fee is in line with the agreement. The Head of Regeneration and Economic Development explained that the funding management agreement states that the funding will be set each year. However, the fee reduction has not been reviewed since the trust was established and the contract was awarded. Last year, they implemented a 10% reduction in light of the financial situation and the need for businesses to review their operations and delivery. They propose another 10% reduction this year, acknowledging that it may not be necessary to come back every year with the same request. They expressed that, at this time, they consider a further 10% reduction to be reasonable.

06- Closure of Civic Centre for two days a week, reducing spend on utilities

- The Committee asked if the entire building would be closed or if there would still be some areas in use. They also expressed concern about the impact of temperature fluctuations on the building's fabric. The Head of People, Policy and Transformation confirmed that the proposal was to close almost all of the building, with only a few small pockets that required maintenance remaining open. For example, the CCTV staff still needed to work from the building due to the infrastructure involved. They explained that the heating system couldn't be fully compartmentalised due to the building's outdated design. As a result, the proposal aimed to close most of the building, except for the manageable small areas. The Committee acknowledged the challenge of temperature fluctuations and the need to heat the building when people entered, especially considering the fabric's vulnerability. The Head of People, Policy and Transformation agreed that it was a challenge. They mentioned that the proposed closure aimed to extend the weekend by shifting the heating problem from Monday to Tuesday, although there was already a heating challenge on Mondays. They further explained that finding arrangements to close the building for two additional days a week was a real challenge. However, they emphasised the need to explore all budget options and identify ways to achieve savings, with building closure being one of the potential approaches.

- The Committee asked if alternative models, such as closing the building for four days every two weeks, had been considered. The Head of People, Policy and Transformation acknowledged that alternate models could be fedback from scrutiny and explained that this proposal highlighted the cost implications of one day. They advised that different models and different days would result in slightly different savings, as they had calculated based on the varying footfall on different days. The Head of People, Policy and Transformation further discussed the practical considerations, such as handling mail and post, which often required physical scanning and posting, even if electronic methods were used. They noted that many staff did not have printers and relied on coming to the civic building for printing. They emphasised the importance of convenience and mentioned the possibility of exploring other locations.

- The Committee raised concerns about the practical implications of closing the Civic Centre for a few days and asked about provisions made to safeguard employee well-being and ensure the delivery of services, considering the loss of human interaction and collaborative work that occurs in an office setting. The Head of People, Policy and Transformation advised that the unions had been involved in changes to working from home policies. They explained that they would discuss the proposed savings in more detail with the Employee Partnership Forum. They clarified that most Newport City Council staff had contracts allowing them to work from home or come into the building, and some had applied to work full-time from home. They assured that agreements with the unions were in place, but they were also aware of staff who needed to come into the office due to unsuitable home environments or other reasons. The well-being of employees was a priority, and they had conducted staff engagement and well-being surveys to address concerns.

- The Strategic Director added that they had already experienced changes in work practices due to the pandemic and advised of a previous initiative called "The New

Normal," which involved extensive engagement with unions and staff. Many employees already had a hybrid work arrangement, coming into the office for 1 or 2 days a week and working from home for the rest. They acknowledged the complexity of maintaining services that required face-to-face interaction, particularly in departments like social services that had a front door in the Civic Centre. The Strategic Director emphasised the Council's track record of working closely with trade unions to ensure the well-being and welfare of employees. They advised of the ongoing efforts to address concerns and conduct well-being surveys. They also acknowledged the need to consider alternative locations for those unable to work from home full-time and the importance of maintaining engagement and teamwork.

- The Committee enquired whether there were any possibilities of redundancies with the proposal. The Committee were advised that the proposal does not included any staffing impacts because the savings are based on reduced energy consumption.

- The Committee asked if the footfall numbers noted earlier (250 to 300) included both staff and visitors. The Head of People, Policy and Transformation clarified that those numbers were likely only for staff and that they could double-check. They mentioned that the number of visitors to the Civic Centre was generally low, with most coming for specific requirements such as a Taxi Licensing review. They explained that the number of customers visiting would depend on the services located in the building. However, they acknowledged the need to gather more specific figures on visitor numbers. The Committee expressed concern about accommodating visitors who may not have online access or internet and rely on physically coming to the building. They emphasised the importance of informing such individuals that they should visit on Tuesday to Thursday instead of Monday to Friday and ensuring that alternative locations were available for them if needed.

- The Committee inquired about the number of people who visit the Civic Centre on a daily basis, specifically those who cannot work from home and come to the building five days a week. The Head of People, Policy and Transformation advised that the specific data on the number of daily visitors had not been collected yet. They advised that the system for logging in was relatively new, and the footfall numbers provided earlier were averages over a short period. They are currently reviewing the specific needs of departments and services within the Council in case the proposed changes were implemented.

07 <u>- Fraud prevention initiative</u>

- The Committee asked about the process for investigations and potential challenges if someone disputes the accusations. They enquired whether there would be an appeal process, possibly involving Magistrates courts. The Head of Finance responded that they would need to establish their own framework for conducting investigations. They advised that the implementation of the policy would focus on cases where someone had claimed benefits for at least eight weeks when they should not have. They referred to their existing work on the National Fraud Initiative, which involves data matching and investigations resulting in actions being taken. They explained that if deliberate withholding of information was suspected, they would go the extra mile and pursue fines. The Committee then asked about the current appeal process for disputes. The Head of Finance advised they did not have that information but assured the Committee that they would obtain it from the Revenue department.

- The Committee asked about the estimated number of individuals with fraudulent intent per year. The Head of Finance responded that they had made a realistic assumption based on the background information, and the figure they used was 350.

- The Committee asked for background information on the draft budget's mention of legislation for increasing teacher pension costs by £3.4 million. The Head of Finance explained that all public sector pension schemes are valued and revalued every three years to ensure that the funds are sufficient to meet the liabilities. In the case of the teachers' pension scheme, it has been revalued, resulting in a 5% increase in the employer's pension contribution. The £3.4 million figure represents the impact of this increase on the Council's budget. The Head of Finance advised that the teachers' pension scheme is a UK national scheme that applies to all authorities across the country.

- The Committee questioned whether the shortfall in the pension scheme was due to mismanagement by those responsible for it. The Head of Finance clarified that the valuation of the scheme is conducted by the Government's Actuary service, and the cost increase is guaranteed. They explained that they were awaiting final confirmation that the Welsh Government would be funded by the UK government, and if so, the cost would be passed down to local authorities. They assured the Committee that the increase in pension costs would be funded nationally and would not affect Council Tax.

The Chair thanked the Officers for attending.

Conclusions:

Comments to the Cabinet on the following proposals:

a) The Committee noted the budget proposals relevant to the Place and Corporate Directorates and agreed to forward the minutes to Cabinet as a summary of the issues raised.

b) The Committee wished to make Cabinet aware that throughout the meeting and questioning of Officers, the Committee were concerned that the information presented for consultation is poorly presented and easily misunderstood. For example, in the appendices around budget savings over the Medium Term Financial Plan, the documents do not make clear that investments in Year 1 will continue in Years 2 and 3. Members were concerned that the same misunderstanding could be made by members of the public when responding to the consultation. The Committee also wished to recommend that more detailed budget training is provided to all members to help ensure that the documents are fully understood and to enable proper scrutiny to take place.

c) The Committee wished to make the following comments to Cabinet on the Proposals within the Place and Corporate Directorate:

02 - To transform Malpas Court Mansion House into a new Community Learning Centre. To meet changing customer demand, develop Library community outreach whilst reducing the number of physical sites.

- The Committee recommended that Cabinet need to ensure that the impact on service users for this savings proposal is minimal. The Committee also suggested that there were other options which don’t appear to have been explored, such as the Community at Work and the Youth Service move into Bettws Library to ensure services are not lost.

- In addition, concern was raised about the workload of the new Community Librarian post that would be created. The Committee felt that it may be too much work for one person and emphasised the need for realistic expectations and ensuring that residents who use the services would see a significant difference.

03 - Charge for replacement (residual waste) bins

- The Committee were content for this proposal to go ahead. The Committee recommend to Cabinet that the policy is implemented with an element of discretion given to Officers on implementation, to protect the most vulnerable individuals across the city as well as discretion to protect individuals who may not be able to afford replacement bins or who may face difficulties in managing their bins due to their living situations.

- The Committee recommended to Cabinet that the Council should implement a coding/labelling system with a barcode on each bin with its address to prevent theft or misuse.

- The Committee also felt that the cost of the replacement bins should have been noted in the main commentary of the savings proposal and not just in the Fees and Charges section in Appendix 5, making it difficult for members responding to the consultation to locate the detail.

The Committee also wished to leave comments on the following Savings investments for the Environment and Public Protection service area:

Costs associated with increasing requirement for tree maintenance.

- The Committee felt that they did not get an adequate explanation on this saving investment, only that contractors were called in for tree maintenance. The Committee were also concerned that the documents did not make clear that the budget increase is £115k in Year 1, £230k in Year 2 and £345k in Year 3. The committee questioned the need for £345k investment in Year 3 and also questioned the need for investment of £690k over a 3-year period.

Landfill site closure – associated loss of income.

- The Committee were content with this savings investment, but wished to comment that consideration must be given to the impact on our net zero targets of having lorries transport waste to other locations to ensure that the net zero goals are not compromised.

The Committee were also concerned about the Stray Dogs Reclaiming Fees within the Fees and Charges in Appendix 5 – regarding dogs reclaimed within 4 hours being charged at £54.00 per dog. The Committee questioned the fairness of the implementation of this fee at the current level and recommended Cabinet gain an insight from the service area into its planned investment. The Committee also asked for further information from officers as to whether there has been an increase in the amount of XL Bully dogs being given up or abandoned since the new laws come into action.

04 - Highways fees and Charges - Increase of Fees by 8%

- The Committee were content with this proposal.

The Committee also wished to leave comments on the following Savings investments for the Infrastructure service area:

Bus station departure charges.

- The Committee wished to recommend that the bus station departure charges should not be added as a permanent budget line. Instead, it should be treated as an annual subsidy or grant to the bus operators, subject to review each year based on the performance of the bus services and other factors. The Committee suggested that this addition to the budget is effectively the council subsidising fares for members of the public and should be credited as such. An additional reason for assessing it each year as a subsidy is the ongoing work by the Burns Transport Commission might have a significant impact on sustainable public transport and mean the subsidy may not be needed in future if user numbers increase. Also, the Council should consider the net zero impact of the bus station charge and explore ways to minimise its impact on bus fares and services.

- The Committee also commented that they would like to consider the bus service charges as a future agenda item to be added to the 2024-25 forward work programme. The Committee asked significant questions to officers around the budget, costs of running the service, rent to Friars Walk, infrastructure costs and were not entirely satisfied with the answers provided. The area is complex and a sustainable, affordable transport network is a vital service, so the Committee felt it would be appropriate to give the area focus and scrutiny.

Fleet maintenance – budget pressures in relation to tyres and other supplies.

- The Committee wished to ensure that the Council follow best value and procurement practices to obtain better value for fleet maintenance services, as well as considering renegotiating the contract for fleet maintenance services to include the cost of tyres and other supplies as part of lease charges.

05 - Reduction in Newport Live Management Fee

- It was acknowledged that the reduction in the management fee would result in cost savings for the Council, but concern was raised about the potential impact it may have on the facilities and services provided by Newport Live. The Committee would like to know what services, if any, may be cut by Newport Live as a result of the reduction in the management fee and at the time of the committee meeting, that information wasn't available to Officers.

The Committee also wished to leave comments on the following Savings investments for the Regeneration and Economic Development service area:

Staffing resource to fulfil the client role in relation to leisure services.

- The Committee questioned whether this resource was needed, as the role was not required in the past, and there was no indication what the extra resource would be made up of as a business case was not presented. The Committee felt that Officers were unable provide acceptable justification for the need for the additional post or whether it was required to be a full-time post. The Committee recommended to Cabinet that it satisfies itself that the post is needed given the budget pressures and the requirement to reduce resources elsewhere.

06 - Closure of Civic Centre for two days a week, reducing spend on utilities

- The Committee recommend that Cabinet put this savings proposal on hold until the proper analysis of the data is understood and the impact that this will have on our people and services. Concerns were raised that more contextual data was needed, such as details of length of time the quoted 250-300 staff were working in the Civic Centre. In addition, no information was available on the number of staff who work at the Civic Centre full-time and no account has been taken of the requirement to heat the building from cold more regularly which could result in higher costs overall. The Committee recommended to Cabinet that whilst this budget line was attractive as a saving, the impact is considerable and should be considered in the wider context of our overall Asset review, as decisions now may affect the ability of that review to rationalise assets in the future. The Committee were also concerned that the timeframe was too short to consult with staff and understand the impact on well-being.

The Committee also wished to leave comments on the following Savings investments for the People, Policy and Transformation service area:

<u>Property budget pressures, including income shortfalls and additional maintenance costs.</u>

- The Committee queried the 2025/26 £'000 column which the service area will review with Finance. The Committee recommended that Cabinet be satisfied with the correct data given to them and that the consultation documents are amended. In general, the Committee were content with this savings investment.

<u>07 - Fraud prevention initiative</u>

- The Committee were content with this proposal but wished to recommend to Cabinet to ensure that the Council develop a robust set of policies and procedures for implementing the scheme to ensure fairness, such as presenting a clear set of parameters for appeals, how they are investigated and how the Council would mitigate the possibility of being fined if appeals are overturned against the local authority. The Committee also cautioned that the costs of the additional investment of resource in investigations and appeals may mean the £70 statutory fine for each case is not worth the effort required to manage the process.

- The Committee would like to receive information about the appeals process for this initiative once available.

The Committee also wished to leave comments on the following Savings investments for the Finance service area:

<u>Resources (external and internal) required to support the Transformation Programme.</u>

- The Committee recommended that Cabinet satisfies itself that these resources are required given the budget pressures and need for savings elsewhere

5 **Scrutiny Adviser Reports**

Invitees:

- Neil Barnett – Scrutiny Adviser

a) Forward Work Programme Update

The Scrutiny Adviser presented the Forward Work Programme, and informed the Committee of the topics due to be discussed at the committee meeting:

Monday 19th February 2024, the agenda item;

- Highways Asset Management Plan
- Flood Risk Management Strategy

b) Action Sheet

The Scrutiny Adviser presented the action sheet to the Committee and advised of the completed and the actions that are still outstanding.

The meeting terminated at 4.10 pm

Minutes

NEWPORT CITY COUNCIL
CYNGOR DINAS CASNEWYDD

Performance Scrutiny Committee - People

Date: 16 January 2024

Time: 10.00 am

Present: Councillors W Routley (Chair), J Cleverly, P Bright, B Davies, D Jenkins, R Howells and D Mayer

In Attendance: Robert Green (Assistant Head of Finance), Sally Ann Jenkins (Strategic Director - Social Services), Sarah Morgan (Chief Education Officer), Natalie Poyner (Head of Children Services), Mary Ryan (Head of Adults Services), Mandy Shide (Service Manager), Samantha Schanzer (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)

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2 **Apologies**

Councillor Drewett and Councillor Townsend

3 **Declarations of Interest**

None.

4 **Minutes of Previous Meeting**

The minutes of the previous meeting held on the 12th December 2023 were agreed as a true and accurate record.

5 **2024-25 Budget and Medium Term Financial Projections**

Invitees:

- **Meirion Rushworth – Head of Finance**
- **Robert Green – Assistant Head of Finance**
- **Sally Ann Jenkins – Strategic Director – Social Services**
- **Mary Ryan – Head of Adult Services**
- **Natalie Poyner – Head of Children Services**
- **Caroline Ryan-Phillips – Head of Prevention and Inclusion**
- **Mandy Shide – Service Manager**
- **Rhianydd Williams – Service Manager Integrated Family Support**
- **Sarah Morgan – Chief Education Officer**
- **Sarah Davies – Deputy Chief Education Officer**

-

The Assistant Head of Finance introduced a brief overview of the budget process.

New Pressures and Investments

The following was discussed:

- The Committee enquired about the SEN Out of County and Local Provision pupil demand and noted the increase of 4 places in both Sporting Chance and Catch 22 and asked for more information about this. The Chief Education Officer (CEO) informed Committee that Budget demand for Education is now being met by the Council and this looks at the need to support children that might have to go out of county due to complex needs. The CEO assured the Committee that work is being undertaken to establish local provision where possible and the contracts with current providers will be maintained as they provide around 30 places, but this will provide an additional 4 places if required. The CEO informed Committee that if they aren't used, it would be considered an underspend in the Budget, but the places are needed, and they are positive will be utilised. There is consistent monitoring taking place around who need places and what is available to us and when contracting additional places Quality Assurance checks are carried out to ensure pupils welfare and that the ratios of teacher to student are correct.

- The Committee enquired about the ALN Provision for schools and noted that last year funding was to be confirmed and we were unable to meeting ALN requirements and would like reassurance that this investment will meet requirements. The CEO informed the Committee that there has always been cost pressures around ALN pupils and this has been identified more than ever before. The CEO informed the Committee that due to more complexities with children and people, this investment amount doesn't mean it will necessarily meet all needs however schools have responsibility with wholistic budget to provide for all children, so this investment is in addition to an individual school budget. The CEO informed the Committee that they know the demand on schools, and this won't necessarily provide everything, but it is one additional step to support those recognised challenges. The Committee stated that it is a good thing that there is this additional investment to support ALN students.

-

Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.

- The Committee enquired how assistive technology will be used to help reduce the levels of care. The Head of Adult Services informed Committee that they have already started to implement this and there is a smart HUB exhibition in Newport Market which demonstrates how this can be used for things like automatic curtains, and communication with family. They informed Committee that feedback from the public has been positive, but they are ensuring that it is tailored to meet individual needs.
- The Committee enquired that if domiciliary care is looking to be replaced in part by assistive technology that there is an assumption of family support to carry out these checks in place of the domiciliary care. The Head of Adult Services informed the Committee that during the Pandemic there were more family support which is not the case now but for unpaid carers this assistive technology has been a lifeline. They assured Committee that it will never replace the need for domiciliary care but is an addition to it.

Fees and Charges

- The Committee enquired who pays fees and charges to the Council. The Assistant Head of Finance informed the Committee that the headings highlighted in green on the report show who pays these fees and charges, the first set is other Local Authorities and the second is Newport Residents. The charges are the same amounts, but they differentiate between who is paying. The Head of Adult Services informed the Committee that if there is a vacancy that a neighbouring authority wishes to use, they get charged at the same rate as Newport residents as it is means tested.
- The Committee queried the percentage increase of Appointeeships by 102% and wanted to know why it is such a large increase. The Assistant Head of Finance informed the Committee that this is now reflective following a thorough review and recosting exercise of the service area that has taken place and in cash terms it is not as significant an increase as other services even though the percentage is high. The Head of Adult Services informed the Committee that anyone who requires the Appointee services is subject to a full financial assessment of their circumstances.

The Chair thanked the Officers for attending.

6 **Conclusions of Committee Reports**

Comments to the Cabinet on the following proposals:

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

b) The Committee wished to make the following comments to the Cabinet on the Proposals within the People Directorate:

New Pressures and Investments

- The Committee highlighted that the ALN investment is good for students with complex needs and the Committee are glad that it is now reflected in the Budget.

Domiciliary care support to be enhanced with assistive technology to reduce the levels of care hours required.

- The Committee wanted to ensure that where domiciliary care is being replaced by assistive care that there is sufficient family support in place.
- The Committee wanted to ensure that the delivery of services of important and must not be impacted and highlighted the importance of the continuation of service delivery quality.
- The Committee noted that they are content for proposals to go ahead as they are.

6 **Scrutiny Adviser Reports**

a) Actions Arising

The Scrutiny Advisor provided an update to the Committee on the outstanding actions and the figure for the 1.2% of Education employees has been circulated to the Committee.

b) Forward Work Programme

The Scrutiny Advisor informed the Committee that the next Committee meeting date is the 20th February for the Regulated Service Reports and then the final meeting for this year is on the 26th March for the Recruitment and Retention Reports and an additional item of Key Stage 4 Outcomes.

The meeting terminated at 10:36am

Minutes

Overview and Scrutiny Management Committee

Date:	30 January 2024
Time:	10.00 am
Present:	Councillors P Hourahine (Chair), C Baker-Westhead, B Davies, S Cocks and M Evans
In Attendance:	Rhys Cornwall (Strategic Director - Transformation and Corporate Centre), Tracy McKim (Head of People, Policy and Transformation), Robert Green (Assistant Head of Finance), Samantha Schanzer (Scrutiny Adviser), Taylor Strange (Governance Officer) and Simon Richards (Governance Officer)
Apologies:	Councillors G Horton, P Bright and L James

3 **Declarations of Interest**

None.

4 **Minutes of the Previous Meeting**

- The Committee requested that the wording regarding the City Contact Centre response be reworded for clarity. The Head of People, Policy and Transformation (PPT) informed Committee that there was a customer engagement review currently underway, but would update the action.
- The Chair informed Committee that future mentions of the University of South Wales would be omitted from the minutes unless they were substantial.

The minutes of the previous meeting held **1st December 2023** were **accepted as a true and accurate record.**

5 **2024-25 Budget and Medium Term Financial Plan**

Invitees:

- **Rhys Cornwall (Strategic Director for Transformation and Corporate)**
- **Tracy McKim (Head of People, Policy and Transformation)**
- **Robert Green (Assistant Head of Finance)**

The Assistant Head of Finance gave an overview.

The following was discussed:

- The Committee asked what school budgets being protected meant in real terms, for more detail on school's grants received after the budget had been set and the impact this had. The Assistant Head of Finance informed Committee that no budget savings were being requested from schools, but the budget must increase to cover increased costs and larger numbers of pupils. They informed Committee the formula for schools is prescribed by pupil numbers which was a key factor in allocating the overall budget. They informed Committee that individual school allocations such as grants are channelled through the regional consortium to local authorities (LA). They noted that Welsh Government (WG) have an 2024-25 agenda to reduced and consolidate grants and it would be difficult to determine the exact budget for schools until they received more information, which was likely to be after the budget was set.

- The Committee enquired how these grants were split between the LA and Educational Achievement Service (EAS). The Assistant Head of Finance informed the Committee that each consortium would top-slice each grant to manage their provision. They informed Committee that this could change in future following the new WG changes, but each LA had an input in these decisions taken by EAS as they are stakeholders.

- The Committee queried whether hardening grants into future budgets would provide greater clarity for schools when budgeting. The Assistant Head of Finance informed Committee that WG were not looking to change the temporary nature of grants and the risk of them being cut or removed in future would remain. They highlighted that WG were looking to streamline grants.

- The Committee enquired whether LAs were likely to benefit from the additional funding announced by UK Government to WG and when would WG inform LAs about this. The Assistant Head of Finance noted that there was unlikely to be an announcement from WG regarding this until certainty from UK Government was received. They informed Committee that they could not rely on this funding, but it may be seen in the next financial year.

The Head PPT gave a verbal update on the budget consultation process.

The following was discussed:

- The Committee asked for more information on the Fairness and Equality Impact Assessment (FEIA) process. The Head of PPT informed Committee that an FEIA is carried out on anything that has the potential to impact communities, residents, or staff. They informed Committee that the full list of FEIAs is available on the Newport City Council website, and these were produced early in the process and continuously updated. They noted that FEIAs are produced by people close to the proposal and signed off by Heads of Service.

Conclusion of Committee Reports:

The Committee were content with the budget setting and consultation processes.

The Committee were content to acknowledge the minutes from the Performance Scrutiny Committee – People and the Performance Scrutiny Committee - Place and Corporate for forwarding to Cabinet.

6 **Scrutiny Adviser Reports**

a. Actions Arising

The Scrutiny Advisor noted that there were no new actions.

b. Forward Work Programme

The Scrutiny Advisor noted the date of next meeting to be 8^{th} March 2024

7 **Scrutiny Topic Referral Feedback**

The Committee discussed the feedback. The Committee agreed with the content of the report and recommended that some reformatting be done within the report for clarity.

The meeting terminated at 10.32 am.

<u>Extracts from minutes of the Employee Partnership Forum</u>

<u>Meeting held on 4th January 2024</u>

2 Budget Update

The Assistant Head of Finance presented the budget update as per the slides.
The HR & OD Manager outlined the staff consultation process in addition.
The chair agreed as the papers were not yet published for Cabinet we would defer to comments from trade union colleagues on the 18 January 2024.

<u>Meeting held on 18th January 2024</u>

4 Budget Follow Up

The Assistant Head of Finance (AHOF) presented the budget update as per the slides circulated.

As papers were not yet published for Cabinet at Budget EPF on 4 January, item deferred to 18 January for comments from trade union colleagues.

S Belcher thought the non-teaching pay inflation of £1,340 cash increase from April was optimistic and disliked support staff being named as ‘non-teaching’.

AHOF stated that it is difficult to project when planning since the Autumn, but there are contingencies in place and a pay reserve.

The Cabinet Member for Organisational Transformation, Cllr Batrouni noted the use of the term ‘non-teaching’.

Extract from School Forum minutes

Minutes

Newport Schools Forum

Date: 18th January 2024

Time: 3:30pm

Venue: Microsoft Teams

7. 24/25 Budget Proposals – Assistant Head of Finance

LAO provided an update on the budget proposals for 2024/25 for forum to discuss and make any suggestions, see attached.

FM asked if there was an increase of 1% to the NJC pension rate.

LAO confirmed there was a stepped increase in employers' rate and this would be included in the non-teachers' pay inflation figures.

FM stated that if the Post 16 funding remains at 2023/24 levels with no increase this in effect will be a real terms cut.

LAO advised that generally where grants are not cut or new policy, they tend to be flatlined which in effect are real terms cut.

LAO added that we haven't been made aware of the LA allocation yet but at an all-Wales level there had been no reduction to the overall level of funding. The LA are hoping to be able to provide an update shortly.

FM raised that in relation to the proposed reduction in the energy funding, this was not funded last year and asked whether this could be excluded in this years' proposals.

LAO stated its important to understand that last year whilst certain elements were identified as being funded/not funded, this provided a means of calculating the total cash investment to the ISB. Regardless of which elements were funded, the funding was directed via the funding formula to wherever it is needed in order of priority. Where the effect was seen, was across those areas that are based on an available budget ie capitation, resources examination fees etc.

FM acknowledged this but asked that if it possible to not include the energy reduction for schools that would be helpful although it was positive that inflationary cost pressures are included in future years.

Response from UNISON

Newport City Branch welcome the Councils approach to funding to offset the shortfall in the current and historical shortfall of funding from Westminster and the impacts of increases in energy prices and the impacts of price increases across the board.

It is a pleasant surprise to not to have to sit in on so many consultations where staff are being given the news of potential compulsory redundancy or having to look for voluntary redundancies.

We also acknowledge that whilst the level of proposals and the impact is reduced there are still vacant posts and some potential redundancies which will impact on the workload of the remaining staff.

The Potential proposal around closure of the Civic Centre does concern us that it has not been fully considered and there may be impacts on staff services and the democracy of the council.

- How will staff in cctv continue in their role on the days the civic will be closed will they need building heating to be on do they have separate options for heating their work area aside from the civic?
- Are their enough agile working locations for staff who choose not to work from home?
- Will there be a priority of staff able to work from staff sites?
- Are there enough suitable locations for the many meetings to take place that cannot and shouldn't be held via Teams?
- Impact on staff working hours (NCC and Norse) any potential redundancies we appreciate that Norse staff are not an NCC concern, but some were previously NCC staff.
- The impact on local democracy must be given further consideration. The Civic Centre is a landmark building where the public who pay for it should be able to access it. Our fear is that this could lead to total closure in the future.

We ask that this proposal be given further review before implementation or if implemented it be reviewed in a timely manner with the option of returning to opening on a five-day basis.

We also note the amounts set aside for potential pay increase and would suggest that would fall short of where we as a trade union would expect to see potential staff pay increases especially at the same time, we are seeing the 8.5% increase in council tax and other rises in services a pay settlement of 4% is not keeping up with the cost of living but is actually a pay cut. Their standard of living will fall. This is after years of staff working to higher volumes of work. Doing more with less while trying to maintain the highest quality of work that is their standard.

We appreciate that councillors do not take up their roles with the aim to cut services and outsource council services and options available to present a balanced budget are finite but we ask them to consider how long staff good will can be relied on in schools, social services, housing, community safety wardens, flying start, highways and city services, waste site staff and all of the rest of services provided by this council staff group. They are working beyond their job descriptions whilst seeing their standards of living dropping.

Response from NASUWT

BUDGET CONSULTATION
AND POSITION STATEMENT ON NEWPORT'S FUNDING OF SCHOOLS

NASUWT Newport is appalled by Newport City Council's funding of schools.

Children here are valued less than they are elsewhere in Wales. This is backed up by multiple statistical analyses. And the situation is getting worse year on year.

Schools budgeted expenditure per pupil in Newport for 2023-24 was the lowest in Wales.
(Local Authority Budgeted Expenditure on Schools: 2023-24, Welsh Govt Statistical Bulletin)

Schools budgeted expenditure per pupil in Newport for 2022-23 was one but lowest in Wales.
(Local Authority Budgeted Expenditure on Schools: 2022-23, Welsh Govt Statistical Bulletin)

When challenged about its lack of funding of schools, Newport points to complexities with the budget. Unfortunately, this is just hiding behind the fact that education is not a priority for Newport City Council.

The impact of years of underfunding at Newport schools is being felt by teachers and learners across the City:

- Class sizes are too high here and it is commonplace to see classes in excess of 30 students. Years of redundancy windows have left our schools with pupil-teacher ratios that are detrimental to progress.
- Learners are being taught by unqualified teachers or cover supervisors for part of their provision. These colleagues, however esteemed, are no substitute for a qualified teacher.
- Many teachers are having to teach subjects they are not qualified to teach in order to save money and absorb staffing cutbacks.
- School buildings are falling into disrepair.
- Damaging TLR restructures have been carried out in order to save money, with the Classroom Teacher picking up the work.

NASUWT Newport urges Newport City Council to do what is right. Put children here first. Not last.

<u>Response from CONSH</u>

February 2024

Re – Response to Budget Consultation

Annwyl Beverly Owen, Chief Executive, Cllr. Jane Mudd, Cabinet Member for Economic Growth & Strategic Investment and Cllr. Deb Davies, Cabinet Member for Early Years & Education

I firstly wanted to thank you, on behalf of CONSH for facilitating a very purposeful discussion prior to the Christmas break; we are most grateful for the opportunity to continue to engage in dialogue with you about matters impacting our schools so significantly. To this end, in receipt of your kind invitation to return to the Civic for discussion, we hoped we could schedule a date sometime in March when each of us are in a far better position to be able to speak with greater detail about our own budgets and collectively how this has impacted on Newport schools. I would be very grateful if you could provide us with suitable dates perhaps towards the end of March.

In regard to eliciting views as part of the overall budget consultation, although we welcome the proposed cash increase of £9,454,000 and acknowledge the very challenging financial position in which the council finds itself, the proposed increase only seems to cover new pay related pressures and as such will not alleviate the significant budget pressures we have raised over the past twelve months.

We know that you will be fully aware through our ongoing correspondence, that many Secondary Schools have needed to restructure, not appoint into substantive vacancies, end fixed term contracts and increase class sizes to align with the funding distributed via the ISB, as well as making use of historic school budget reserves. The lack of additional funds into the Education budget will result in these trends continuing; as raised at the meeting, we are particularly concerned about the lack of investment to ALN in Secondary Schools with so many of the pupils coming from LRBs and one to one support in the Primary Sector having to manage the challenge of no support within a much bigger mainstream setting.

Another major concern is that without additional funding; we are not able to manage requirements of the curriculum; a pertinent issue which was raised in our most recent dialogue in regard to not being able to run Engineering and Construction courses because of not being able to maintain the cost of the equipment and general environment. With a suite of new VCSEs on the way, pathways that we wholly advocate as being integral to best support the needs of our learners; our concern is that we simply will not have funding capacity to even consider offering them.

We are currently in consultation with Finance colleagues at the LA in respect of funding for Examinations. We raised this as an issue in April 2023 and whilst we welcome the consultation that has since taken place, the proposal which basically moves funding from one area of the ISB to another, does not really solve the underlying issue. You will be aware that Secondary School funding in Newport is over £1,000 per pupil under the Welsh average which continues to significantly impact on school development and pupil progress, especially for example when being compared to the performance of each of our families of schools.
We acknowledge that further details in regard to the proposed £9,454,000 cash increase will be shared at the relevant forums and communicated to all schools in due course; we hope that indicative budgets will then provide clarity on how the high level pay assumptions/funding, distribute through the ISB and impact individual schools, hence our

request to perhaps meet later in March. It would be useful to have clarification on the Teachers' Pension amount. It is currently included in the £9,454,000 but if separate WG funding is received the actual amount allocated to schools from the Welsh Government Revenue Support Grant would be £6,035,000 so further clarity on this would be helpful.

In summary, we look forward to working together over both the short and medium term to address the significant challenges we continue to face. We look forward to continuing this dialogue in the coming months.

Cofion cynnes
Victoria Lambe
Headteacher, Bassaleg
Chairperson, CONSH
Lucy Purcell – Headteacher, Caerleon
Julia Fitzgerald – Headteacher, Lliswerry
Mark Tucker – Headteacher, The John Frost
Jackie Jarrett – Headteacher, St Josephs
Dean Curtis – Headteacher, St Julian's
Gill Lee – Headteacher, Newport High
Damian Lawlor – Headteacher, Llanwern
Eirian Jones – Headteacher, Gwent Is Coed

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Social Services

Income Source	23-24 Charge (exc	Proposed 24-25	Unit of Charge (per	%
Other Local Authority Charges				
NCC Residential Homes (£ per week)				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
Respite Facilities (£ per week)				
Centrica - additional direct care support		variable depending on need		
Centrica - Standard rate	1,263	1,996	per week	58.1%
Day Services (£ per week)				
Short Breaks - sessional rate	57	61	per session (half day	7.6%
Children's Residential charge to other LA or Health (£ per week)				
In-house children residential homes	Variable depending on needs of the child			
Newport Residents Charges				
NCC Residential Homes (£ per week)– stays over 8 weeks and permanent admissions).				
Blaen-y-pant - Residential/Dementia Care	943	1,015	per week	7.6%
Parklands - Residential Care	807	868	per week	7.6%
Spring Gardens - Dementia Care	943	1,015	per week	7.6%
Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.				
NCC Residential Homes Respite/Short stays up to 8 weeks (£ per week)	Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.			0%
Blaen-y-pant - Residential & Dementia Care				
Parklands - Residential Care				
Spring Gardens - Dementia Care				
Respite Facilities (£ per week)				
Centrica				
Supported Housing (£ per week)				
Supported Housing for Learning Disability clients				
Day Services (£ per day)				
Day Services/Opportunities – Learning Disability				
Day Services/Opportunities – Mental Health/Older People				
Spring Gardens Short Breaks				
Legal and Administration Charges				
Deferred Payment Administration Charge (DPA)	£158	£290	each	83.5%
Legal charge	£210	£210	each	0.0%
Interest Charges	Variable - applied to property sales			
Residential care - provided by external providers *Applicable to those who have capital in excess of £50k (capital threshold level set by the WG) or sufficient disposable income.*	Residents charge will be dependent on weekly charge from external provider			
Non-residential care - provided by external providers **Direct payments** *Where services are provided by external providers the charges made are based on actual costs paid to providers (after income assessment has been made)*	Charged under the Welsh Government non-residential charging policy which is currently capped at £100 per week. The Council will seek to increase this in line with any uplifts in the cap. For example, if Welsh Government increase the cap to £120 per week, that would be chargeable from the date of policy change.			
Telecare				
Telecare package	Dependent on external provider charge			
New telecare package installation charge	£0	£40		
Pendant Alarm monitoring basic package	£5	£5	per alarm per week	0.0%
Appointeeships				
Residential/Nursing	£32.88	£66.43	per month	102.0%
Supported Living/Community based/Complex	£60.32	£108.38	per month	79.7%
Management of Funerals	£25 p/hr	£1,854	per Funeral	
Management of mobility cars	£250	£1,030	per annum	
Deputyships	Dependent on external provider charge			
Animal welfare/property clearances	Dependent on external provider charge			
Protection of property NCC administration charge	0.00	49.50	per week	
Protection of property	Dependent on company charge			

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Infrastructure

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Transport and Highways				
Streetworks				
Skip License (28 days)	51.50	55.62	each	8%
Unauthorised skips	197.00	212.76	each	8%
Private works: new apparatus Sec 50	624.00	673.92	per metre	8%
Sec 50 – Licence for repair or replace	660.00	712.80	per metre	8%
S171 Highway Excavation	256.30	276.80	each	8%
Tower Crane Over sailing the Highway Licence: 10 working days notice required.	686.40	741.31	each	8%
Road space booking	228.80	247.10	each	8%
Filming on the highway (small scale)	220.00	237.60	each	8%
Filming on the highway (large scale)	600.00	648.00	each	8%
Temporary Traffic Orders	2,420.00	2,613.60	each	8%
Emergency Temporary Traffic Orders	2,420.00	2,613.60	each	8%
Bus service departure Fees (Market Square)	0.75	0.75	each	0%
SAB Pre Applications - area is <0.4 ha	302.50	314.60	each	4%
SAB Pre Applications - area is 0.5-0.99 ha	715.00	743.60	each	4%
SAB Pre Applications - area is >0.99 ha	1,193.50	1,241.24	each	4%
Pre Application Meeting - area is <0.49 hectares	143.00	148.72	each	4%
Pre Application Meeting - area 0.5-0.99 hectares	343.20	356.93	each	4%
Pre Application Meeting - area is > 0.99 hectares	572.00	594.88	each	4%
Additional SAB services	54.00	56.16	each	4%
SAB Full Applications - fees set by WG	£420 to maximum £7,500 (depending on size of site)	£420 to maximum £7,500 (depending on size of site)	each	
Section 38 application fees	1,716.00	1,716.00	application	0%
Section 278/111	1,716.00	1,716.00	application	0%
Vehicle crossing service - installation and inspection	£1,500 - £2,500 depending on size	£1,500 - £2,500 depending on size	each	0%
APM Access protection markings	286.00	297.44	each	4%
Temporary Sign Application	95.15	102.76	each	8%
Permanent/Tourism Sign applications	185.90	200.77	each	8%
E/O per sign	12.00	12.96	each	8%
Switch off existing signal installation and reinstate within office hours	484.00	522.72	each	8%
Switch off existing signal installation and reinstate outside office hours	572.00	617.76	each	8%
Cesspit emptying:				
1,000 gallons	174.72	174.72	per 1,000 gallons	0%
2,000 gallons	220.48	220.48	per 2,000 gallons	0%
Parking				
Residents parking permits	36.50	37.96	each	4%
Visitor parking permits (Book of 10)	14.00	14.56	per book of 10	4%
Business Parking	1,125.00	1,170.00	per annum	4%
Car Park Charges (exc Maindee)				
Up to 3 hours	2.60	2.80		8%
Up to 5 hours	4.70	5.10		9%
Over 5 hours	6.20	6.70		8%
City Centre Kingsway - up to 1 hour	1.10	1.20		9%
Maindee Car Park				
Up to 2 hours	1.10	1.20		9%
Up to 5 hours	2.60	2.80		8%
Over 5 hours	3.20	3.50		9%

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - People, Policy & Transformation

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Civic Centre Room Hire				
The charges for the Civic Centre below are subject to charging under the following criteria: - ***Full Charge** : Industrial or Business Organisations; Organisations whose members are engaged in trade, business or professional practice (other than student associations); Statutory official or Government Bodies including Local Government except where reciprocal arrangements apply.* - ***Half Price** : Political, Social or Trade Union Groups not included under full price or free* - ***Free (this applies to evening sessions only)** : Organisations devoted exclusively to charitable causes; Societies for the handicapped; Organisations for promotion of recreational activities for young people; Trade Union Branches whose members are employed by Newport City Council; Any political group meetings of Councillors and invited guests are free of charge (provided that not more than 25 % of the people attending the political group meetings are non Councillors). NB Any registered charities chaired by the Mayor of Newport can use the meeting rooms free of charge at any time*				
Council Chamber	85.00	88.40	per session	4%
	260.00	270.40	per day	4%
Committee Room 1	45.00	47.00	per session	4%
	130.00	135.00	per day	4%
Committee Room 2	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 3	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 4	30.00	31.00	per session	3%
	95.00	99.00	per day	4%
Committee Room 5	25.00	26.00	per session	4%
	75.00	78.00	per day	4%
Committee Room 7	75.00	78.00	per session	4%
	230.00	239.00	per day	4%
Equipment Hire				
Full facilities in Committee Room 7 including staff assistance	64.50	67.00	per meeting	4%
Council Chamber Microphones	32.00	33.50	per meeting	5%
Council Chamber 1 Microphone	14.50	15.00	per meeting	3%
Beechwood House				
Meeting room - G1	67.50	70.00	half day	4%
Meeting room - G1	130.00	135.00	full day	4%
Meeting room - G5	67.50	70.00	half day	4%
Meeting room - G5	130.00	135.00	full day	4%
Meeting room - G6	52.00	54.00	full day	4%
Reception Room	52.00	54.00	full day	4%
Street Naming				
Property naming/renaming (does not cover newly built properties	48.50	50.50	per property	4%
Single Plot Development	134.00	139.50	per plot	4%
Development 2+ Plots	182.50	190.00	per site and per additional plot	4%
Changes to Development Layout after Notification	48.50	50.50	per plot affected	4%
Street Renaming at Residents Request	182.50	190	per street and per property	4%
Confirmation of Address to Conveyancers etc	48.50	50.50	per property	4%

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Law & Standards

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Legal Services (discretionary)				
Local Land Charges Official Search (Con 29 R)	118.80	124.00	per search	4%
Optional questions	14 (for 20 out of 22 questions) 17 (2 out of the 22 questions)	14 (for 20 out of 22 questions) 17 (2 out of the 22 questions)	per search	
Solicitors own questions	28.08	30.00	per search	7%
Additional parcel fee (Con29 R)	28.12	30.00	per search	7%
Additional parcel fee (total)	28.08	30.00	per search	7%
Query re: personal search (dealing with errors etc)	28.08	30.00	per search	7%
Legal Services (statutory)				
Local Land Charges (LLC1 only)	6.00	6.00	per search	0%
Local Land Charges (Nlis LLC1))	4.00	4.00	per search	0%
Additional parcel fee (LLC1)	1.00	1.00	per search	0%
Registrars Fees & Charges (statutory)				
Register Office (simple ceremony)	46.00	46.00	per event	0%
Church/Chapel ceremony attendance	86.00	86.00	per event	0%
Legal notice of marriage or civil partnership	35.00	35.00	per notice	0%
Designated Office Notice	47.00	47.00	per notice	0%
Certificate (issued at time of registration)	11.00	11.00	per certificate	0%
Certificate (issued within 28 days)	11.00	11.00	per certificate	0%
Same Day Service				
Certificate (from archive)	35.00	35.00	per certificate	0%
Regular Service				
Standard Certificate (from archive)	11.00	11.00	per certificate	0%
Short Certificate (from archive)	11.00	11.00	per certificate	0%
Ceremony Charges (discretionary)				
Mansion House - Monday to Friday	365.00	384.00	per event	5%
Mansion House - Saturday	440.00	462.00	per event	5%
Garden Room Wednesday	160.00	168.00	per event	5%
Approved Venue - Monday to Friday	475.00	499.00	per event	5%
Approved Venue - Saturday, Sunday	555.00	583.00	per event	5%
Approved Venue - Bank holidays	640.00	672.00	per event	5%
Commemorative certificate packs	11.00	11.00	per pack	0%
Save the Date Fee	35.00	37.00	per request	6%
Approved Premise Licensing	1,800.00	1,800.00	per licence	0%
Citizenship Ceremony (individual)	105.00	110.00	per event	5%
Citizenship ceremony (additional relative)	50.00	50.00	per person	0%
Certificate Search Fees				
Search 1 year either side of date				
Search a further 5 years	10.00	10.00	per request	0%
Search a further 10 years	20.00	20.00	per request	0%
Certificate Postage Costs - "signed for" delivery				
Administration Charge - Registrar Certificate	3.00	3.50	per envelope	17%
Administration Charge - Superintendent Certificate	3.00	3.50	per envelope	17%
Same day service certificates *	38.00	38.50		1%
Regular service applications *	14.00	14.50		4%
** These total charges are made up of 2 elements - the certificate (statutory fee for Priority or Regular service) plus postage - see sections above*				
NEW "Pilot" Fees proposed for 2024-25				
Intimate Ceremony - Garden Room Monday-Friday	N/A	88.00	per ceremony	N/A
Proof of life and residence for foreign pensions	N/A	10.00	per request	N/A

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Regeneration & Economic Development

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Current Retrospective Charge (applies to Building Control Charges only)	Proposed Retrospective Charge (applies to Building Control Charges only)	Unit of Charge (per hr / day etc.)	% Increase
Building Control Fees						
Single Storey Extensions						
Single storey extension, floor area not exceeding 10m²						
Full plans charge	325.00	357.50	487.50	536.00	each	10%
Single storey extension, floor area exceeding 10m² but not exceeding 40m²						
Full plans charge	404.17	444.50	606.26	667.00	each	10%
Single storey extension, floor area exceeding 40m² but not exceeding 100m²						
Full plans charge	466.67	513.50	700.00	770.00	each	10%
Two Storey Extensions						
Two storey extension not exceeding 40m²						
Building notice charge	466.67	513.50	700.00	770.00	each	10%
Two storey extension, floor area exceeding 40m² but not exceeding 100m²						
Full plans charge	570.83	628.00	856.25	942.00	each	10%
Loft Conversions						
Loft conversion that does not include the construction of a dormer	420.83	463.00	631.25	694.50	each	10%
Loft conversion that does include the construction of a dormer	466.67	513.50	700.00	770.00	each	10%
Garages and Carports						
Erection of extension of a non exempt detached domestic garage or carport up to 100m²	245.83	270.50	368.75	405.50	each	10%
Erection of a non exempt attached single storey extension of a domestic garage or carport up to 100m²	245.83	270.50	368.75	405.50	each	10%
Other						
Conversion of a garage to a habitable room(s)	245.83	270.50	368.75	405.50	each	10%
Alterations to extend or create a basement up to 100m²	466.67	513.50	700.00	770.00	each	10%
Underpinning	229.17	252.00	343.76	378.00	each	10%
Renovation of a thermal element to a single dwelling	87.50	96.50	131.25	144.50	each	10%
Creation of New Dwelling						
i) Plan charge	203.13	223.50		0.00	each	10%
ii) Inspection charge	406.87	447.50		0.00	each	10%
iii) Building notice charge	610.00	671.00	915.00	1,006.50	each	10%
Internal Alterations						
i) cost of works <£2,000	125.00	137.50	187.50	206.50	each	10%
ii) cost of works £2,001 to £5,000	204.17	224.50	306.26	337.00	each	10%
iii) cost of works £5,001 to £15,000	245.83	270.50	368.00	405.50	each	10%
iv) cost of works £15,001 to £25,000	345.83	380.50	380.50	570.50	each	10%
v) cost of works £25,001 to £40,000	441.67	486.00	662.50	729.00	each	10%
vi) cost of works £40,001 to £60,000	537.50	591.50	806.35	887.00	each	10%
Window Replacement						
Window replacement (non competent persons scheme) - 1 to 3 windows	83.33	91.50	125.00	137.50	each	10%
Window replacement (non competent persons scheme) - 4 to 20 windows	125.00	137.50	187.50	206.50	each	10%
Window replacement (non competent persons scheme) - 20+ windows	208.33	229.00	312.50	343.50	each	10%
Electrical Work						
Electrical work (not competent persons scheme) carried out by a qualified electrician in accordance with BS7671	133.33	146.50	200.00	220.00	each	10%
Electrical work carried out by others	279.17	307.00	418.76	460.50	each	10%
Installation of Heat Producing Appliance						
Installation of solid fuel heat producing appliance where the installer is not a member of a competent persons scheme	125.00	137.50	187.50	206.50	each	10%
Non Domestic Work						
Commercial Building - Floor Area not exceeding 40m²	533.00	586.50	799.50	879.50	each	10%
Commercial Building - Floor Area exceeding 40m² but not exceeding 100m²	612.50	674.00	918.75	1,010.50	each	10%
Commercial Building - Floor Area exceeding 100m² but not exceeding 200m²	891.67	981.00	1,337.51	1,471.50	each	10%
Underpinning - Est. cost up to £50,000	341.67	376.00	512.51	564.00	each	10%
Underpinning - Est. cost exceeding £50,000 and up to £100,000	441.67	486.00	662.51	729.00	each	10%
Underpinning - Est. cost up to £100,000 and up to £250,000	550.00	605.00	825.00	907.50	each	10%
Window Replacement						
Window Replacement - 1 to 20 windows	204.17	224.50	306.63	337.00	each	10%
Window Replacement - 21 to 50 windows	325.00	375.50	487.50	536.50	each	16%
New Shop front(s)						
Window Replacement - 1 to 20 windows	291.67	321.00	437.51	481.50	each	10%
Window Replacement - 21 to 50 windows	370.83	408.00	556.25	612.00	each	10%
Renovation of a thermal element - Est. cost up to £50,000	204.17	224.50	306.63	337.00	each	10%
Renovation of a thermal element - Est. cost exceeding £50,000 and up to £100,000	245.83	270.50	368.75	405.50	each	10%
Renovation of a thermal element - Est. cost exceeding £100,000 and up to £250,000	312.50	344.00	468.75	515.50	each	10%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Current Retrospective Charge (applies to Building Control Charges only)	Proposed Retrospective Charge (applies to Building Control Charges only)	Unit of Charge (per hr / day etc.)	% Increase
Alterations not described elsewhere inc. structural alterations and installation of controlled fittings						
Estimated cost up to £5,000	204.17	224.50	306.63	337.00	each	10%
Estimated cost exceeding £5,000 and up to £15,000	262.50	289.00	393.75	433.00	each	10%
Estimated cost exceeding £15,000 and up to £25,000	345.83	380.50	518.75	570.50	each	10%
Estimated cost exceeding £25,000 and up to £50,000	508.33	559.00	762.50	838.50	each	10%
Estimated cost exceeding £50,000 and up to £75,000	675.00	742.50	1,012.50	1,114.00	each	10%
Estimated cost exceeding £75,000 and up to £100,000	795.83	875.50	1,193.75	1,313.00	each	10%
Installation of Mezzanine floor up to 500m²	587.50	646.50	881.25	969.50	each	10%
Office Fit Out - floor up to 500m²	570.83	628.00	856.25	942.00	each	10%
Office Fit Out - floor 500m² to 2000m²	733.33	806.50	1,100.00	1,210.00	each	10%
Shop fit out - Floor up to 500m²	570.83	628.00	856.25	942.00	each	10%
Shop fit out - Floor 500m² to 2000m²	733.33	806.50	1,100.00	1,210.00	each	10%
Letter of acceptance to AIs	20.00	22.00	20.00	22.00	each	10%
Preliminary enquiries	50% of plan fee	50% of plan fee			each	
Museum and Art Gallery						
Educational Publications UK Rights	21.50	22.50				5%
Educational Publications World Rights	41.50	43.50				5%
Commercial Publications & Websites UK rights	42.50	44.50				5%
Commercial Publications & Websites world rights	88.50	92.00				4%
Publication Jacket, Covers & Homepages UK Rights	101.50	105.50				4%
Publication Jacket, Covers & Homepages World Rights	205.50	214.00				4%
Television Flash Fees UK rights	101.50	105.50				4%
Television Flash Fees world rights	200.50	208.50				4%
Digital Image 300 dpi	8.00	8.50				6%
Loans to UK based institutions (outside of Wales)	250.00	260.00				4%
Loans to Worldwide institutions	350.00	364.00				4%
Commission on artworks	Variable 33% of art work value	Variable 33% of art work value				0%
Ship Project						
Staff Consultancy and Training services						
Hourly Rate	80.00	83.20			per hour	4%
Staff Consultancy and Training services						
Day Rate	500.00	520.00			per day	4%
Faro Arm Rental	100.00	104.00			per day	4%
Transporter Bridge						
Day Ticket - Adult	4.00	4.00			per ticket	0%
Day Ticket - Child	3.00	3.00			per ticket	0%
Gondola - Adult (one way)	1.50	1.50			per ticket	0%
Gondola - Adult (return)	2.00	2.00			per ticket	0%
Gondola - Child (one way)	1.00	1.00			per ticket	0%
Gondola - Child (return)	1.50	1.50			per ticket	0%
Abseil Fee	280.00	291.00			per event	4%
Private Service	75.00	78.00			per event	4%
Filming fee	150.00	156.00			per hour	4%
Development Management Fees	Statutory fees - no change	Statutory fees - no change			per application	0%
Pre-application advice	Various depending on the scale of development	Various depending on the scale of development			per application	0%
Dangerous Structures - Building Control	Statutory fees - no change	Statutory fees - no change			per application	0%
Demolition Notice	Statutory fees - no change	Statutory fees - no change			per application	0%
Scaffolding permits (up to 6 months)	180.00	187.00			per 3 month permit	4%
Additional fee for scaffolding permits erected more than 6 months	90.00	93.00			per 3 month permit	3%
Additional fee for scaffolding permits erected more than 12 months	180.00	187.00			per 3 month permit	4%

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Housing & Communities

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Community Centres Room Hire				
Caerleon Town Hall				
Non Profit Making/ Voluntary Organisations				
Town Hall (Monday to Friday)	11.00	12.00	per hour	9%
Town Hall (Weekend)	15.75	17.00	per hour	8%
Memorial Hall (Monday to Friday)	8.50	9.00	per hour	6%
Memorial Hall (Weekend)	13.75	15.00	per hour	9%
Hire of Kitchen	6.25	6.75	per hour	8%
Small Group Organisations				
Town Hall (Monday to Friday)	13.75	14.75	per hour	7%
Town Hall (Weekend)	19.00	20.50	per hour	8%
Memorial Hall (Monday to Friday)	10.50	11.25	per hour	7%
Memorial Hall (Weekend)	15.75	17.00	per hour	8%
Hire of Kitchen	7.50	8.00	per hour	7%
Commercial/ Business (per hour)				
Town Hall (Monday to Friday)	17.00	18.25	per hour	7%
Town Hall (Weekend)	22.00	23.75	per hour	8%
Memorial Hall (Monday to Friday)	13.75	14.75	per hour	7%
Memorial Hall (Weekend)	19.00	20.50	per hour	8%
Hire of Kitchen	9.00	9.75	per hour	8%
Ringland Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall	16.75	18.00	per hour	7%
Meeting Rooms	16.75	18.00	per hour	7%
Membership Fee	1,250.00	1,350.00	per annum	8%
Small Group Organisations - Member Rates				
Meeting Rooms	22.00	23.75	per hour	8%
Main Hall - Half Day	65.75	71.00	Half Day	8%
Main Hall - Full Day	131.50	142.00	Half Day	8%
Small Group Organisations - Non Member Rates				
Meeting Rooms	29.50	31.75	per hour	8%
Main Hall - Half Day	99.00	107.00	Half Day	8%
Main Hall - Full Day	185.00	200.00	Full Day	8%
Alway Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall (Monday to Friday)	8.50	9.00	per hour	6%
Main Hall (Weekend)	19.50	21.00	per hour	8%
Meeting Rooms (Monday to Friday)	7.50	8.00	per hour	7%
Meeting Rooms (Weekend)	12.50	13.50	per hour	8%
Hire of Kitchen	5.75	6.25	per hour	9%
Small Group Organisations (per hour)				
Main Hall (Monday to Friday)	11.50	12.50	per hour	9%
Main Hall (Weekend)	23.50	25.50	per hour	9%
Meeting Rooms (Monday to Friday)	9.50	10.25	per hour	8%
Meeting Rooms (Weekend)	14.75	16.00	per hour	8%
Hire of Kitchen	5.75	6.25	per hour	9%
Commercial/ Business (per hour)				
Main Hall (Monday to Friday)	14.25	15.50	per hour	9%
Main Hall (Weekend)	29.50	31.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	16.75	18.00	per hour	7%
Hire of Kitchen	5.75	6.25	per hour	9%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Rivermead Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Both Halls (Monday to Friday)	21.50	23.25	per hour	8%
Both Halls (Weekend)	30.50	33.00	per hour	8%
Main Hall (Monday to Friday)	10.50	11.50	per hour	10%
Main Hall (Weekend)	20.00	21.50	per hour	8%
Meeting Rooms (Monday to Friday)	10.50	11.50	per hour	10%
Meeting Rooms (Weekend)	19.50	21.00	per hour	8%
Small Group Organisations (per hour)				
Both Halls (Monday to Friday)	24.75	26.75	per hour	8%
Both Halls (Weekend)	34.00	36.75	per hour	8%
Main Hall (Monday to Friday)	12.50	13.50	per hour	8%
Main Hall (Weekend)	21.50	23.25	per hour	8%
Meeting Rooms (Monday to Friday)	12.00	13.00	per hour	8%
Meeting Rooms (Weekend)	21.00	22.75	per hour	8%
Commercial/ Business (per hour)				
Both Halls (Monday to Friday)	30.50	33.00	per hour	8%
Both Halls (Weekend)	40.00	43.25	per hour	8%
Main Hall (Monday to Friday)	15.00	16.25	per hour	8%
Main Hall (Weekend)	24.75	26.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	24.00	26.00	per hour	8%
Bettws Day Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Main Hall (Monday to Friday)	11.00	12.00	per hour	9%
Main Hall (Weekend)	15.75	17.00	per hour	8%
Day Club (Monday to Friday)	8.50	9.25	per hour	9%
Day Club (Weekend)	13.75	14.75	per hour	7%
Hire of Kitchen	6.25	6.75	per hour	8%
Small Group Organisations (per hour)				
Main Hall (Monday to Friday)	12.50	13.50	per hour	8%
Main Hall (Weekend)	19.00	20.50	per hour	8%
Day Club (Monday to Friday)	10.50	11.25	per hour	7%
Day Club (Weekend)	15.75	17.00	per hour	8%
Hire of Kitchen	7.50	8.00	per hour	7%
Commercial/ Business (per hour)				
Main Hall (Monday to Friday)	16.75	18.00	per hour	7%
Main Hall (Weekend)	22.00	23.75	per hour	8%
Day Club (Monday to Friday)	13.75	14.75	per hour	7%
Day Club (Weekend)	19.00	20.50	per hour	8%
Hire of Kitchen	9.00	9.75	per hour	8%
Cefn Wood Centre				
Small Group Organisations (per hour)				
Leased to Education - SLA		As per SLA		
Maesglas Community Centre				
Main Hall (Monday to Friday before 6pm)	11.00	12.00	per hour	9%
Main Hall (Monday to Friday after 6pm)	22.00	24.00	per hour	9%
Main Hall (Weekend)	22.00	24.00	per hour	9%
Committee Room (Monday to Friday before 6pm)	11.00	12.00	per hour	9%
Committee Room (Monday to Friday after 6pm)	22.00	24.00	per hour	9%
Committee Room (Weekend)	22.00	24.00	per hour	9%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Community Centres - Equipment Hire				
Flip Charts	6.50	7.00	per pad	8%
Digital Projector	5.50	6.00	per day	9%
Interactive Screen	5.50	6.00	per day	9%
Malpas Court				
The Library Room	36.75	40.00	per half day	9%
The Drawing Room	57.75	62.50	per half day	8%
Library and Drawing Room combined	73.50	80.00	per half day	9%
Room 14	52.50	56.50	per half day	8%
The Library Room	63.00	75.00	per full day	19%
The Drawing Room	105.00	120.00	per full day	14%
Library and Drawing Room combined	147.00	160.00	per full day	9%
Room 14	94.50	102.00	per full day	8%
Library and Drawing Room combined	21.00	22.75	per hour	8%
Room 14	15.75	17.00	per hour	8%
Eveswell Community Centre				
Voluntary Groups				
Main Hall (Monday to Friday)	8.50	9.25	per hour	9%
Main Hall (Weekend)	19.50	21.00	per hour	8%
Meeting Rooms (Monday to Friday)	7.25	7.75	per hour	7%
Meeting Rooms (Weekend)	12.50	13.50	per hour	8%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Chargeable Sessions				
Main Hall (Monday to Friday)	11.50	12.50	per hour	9%
Main Hall (Weekend)	23.75	25.75	per hour	8%
Meeting Rooms (Monday to Friday)	9.50	10.25	per hour	8%
Meeting Rooms (Weekend)	14.75	16.00	per hour	8%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Commercial Rate				
Main Hall (Monday to Friday)	14.25	15.50	per hour	9%
Main Hall (Weekend)	29.50	31.75	per hour	8%
Meeting Rooms (Monday to Friday)	14.75	16.00	per hour	8%
Meeting Rooms (Weekend)	16.75	18.00	per hour	7%
Hire of Kitchen (flat charge per booking)	5.75	6.25	per hour	9%
Gaer Community Centre				
Non Profit Making/ Voluntary Organisations (per hour)				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.75	13.75	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%
Small Group Organisations				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.50	13.50	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%
Commercial/Business				
Hall	14.75	16.00	per hour	8%
Playgroup Room	12.50	13.50	per hour	8%
Café Room	12.50	13.50	per hour	8%
Training Room	14.75	16.00	per hour	8%
121 Room	12.50	13.50	per hour	8%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Libraries				
Fines (per day)	0.20	0.22	per day	10%
Overdue Administration Adult	0.30	0.32	per letter	7%
Replacement Library Card	4.00	4.00	each	0%
Lost Books and other items	Sliding scale linked to Book Price	Sliding scale linked to Book Price	each	
Photocopying B&W A4	0.20	0.22	per copy	10%
Photocopying B&W A3	0.30	0.32	per copy	7%
Photocopying Colour A4	1.10	1.20	per copy	9%
Photocopying Colour A3	1.60	1.75	per copy	9%
Computer Printout A4	0.20	0.22	per copy	10%
Computer Printout A3	0.30	0.32	per copy	7%
Hire of Talking Books	1.40	1.50	each	7%
Charge for late return of Talking Books	0.20	0.22	per day	10%
Family History Research	30.00	32.50	per hour	8%
Hire of Rooms	16.00	17.25	per hour	0%
Houses in Multiple Occupation Pre-licensing Advice Service				
Property inspection and report with one schedule & fire plan	238.37	257.44	per survey	8%
Property inspection and report with 2 schedules & fire plans	297.82	321.65	per survey	8%
Each additional proposal over 2 proposals above	59.45	64.21	per additional proposal	8%
Property Surveys (Non-Statutory)	230.11	253.12	per survey	10%
Health and Safety - swimming pool/spa pool resamples following unsatisfactory result (plus VAT)	84.70	93.17	per sample	10%
Houses In Multiple Occupation Licensing Fees				
(i) Initial Licence	1,231.47	1,354.61	per licence	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,704	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(ii) Renewal of Licence made before expiry of existing licence	918.49	1010.34	per renewal	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,499	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(iii) Renewal of Licence made after expiry of existing licence	1,161.76	1,277.94	per renewal	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,704	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(iv) Licensing following revocation of previous licence (where ownership unchanged)	918.49	1010.34	per application	10%
(For larger HMO (6+ units of accommodation/households)	£67.31 extra per additional unit up to a max of 1,499	£74.04 extra per additional unit up to a max of 1,874	per additional accommodation unit	10%
(v) Licence Variations				
Property inspection required	104.94	115.43	per variation	10%
Licensing inspections - owner/manager etc. cancellations with less than 48 hours' notice/failure to attend to	30.00	33.00		10%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	Proposed 24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc.)	% Increase
Camp Site Licences	805.07	885.58	per site licence	10%
Mobile Homes				
Site Licence fees - small site (3-10 caravans)	805.07	885.58	per site licence	10%
Site Licence fees - medium site (11-49 caravans)	898.88	988.77	per site licence	10%
Site Licence fees - large site (50+ caravans)	1,072.72	1,179.99	per site licence	10%
Site Licence fees - sites of 2 or fewer pitches	0.00	0.00	per site licence	0%
Amendment to site licence conditions - variation	73.14	80.45	per amendment	10%
Amendment to site licence conditions - variation requiring an inspection	189.74	208.71	per amendment	10%
Fee to deposit site rules	60.95	67.05	per fee	10%
Fee for replacement licence	18.02	19.82	per replacement licence	10%
Fixed Penalty Notice charge	101.23	111.35	per FPN charge	10%
Housing Act 2004 Notice Fees	440.96	485.06	per notice	10%
Each additional notice (where schedule is identical) served on another recipient at the same time (charges added and split equally across recipients)	59.36	65.30	per notice	10%

Appendix 11 – Fees & Charges

Schedule of Fees and Charges 2024/25 - Environment & Public Protection

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Cemeteries				
Exclusive right of burial and issue deed and marker for:				
Standard grave space not exceeding 2.15m x 0.76m (30'') including headstone permit	1,325.50	1,378.52	per plot	4%
Large or special external coffin size over 30" including the extended size of coffin handles £60.00 per inch.	68.75	68.75	per inch	0%
Green burial in green burial area - excluding headstone permit	886.60	922.06	per plot	4%
Cremated remains in Garden of Rest – grave space not exceeding 0.23m x 0.92m	633.60	658.94	per plot	4%
Interments – including use of grass mats as necessary				
Stillborn child or child not exceeding one month	no charge	0.00	per plot	
Child one month to eighteen years	no charge	0.00	per plot	
Persons exceeding eighteen years	1,441.00	1,498.64	per plot	4%
Interment of second person in grave space on same day	229.35	238.52	per plot	4%
Cremated remains in full grave space	319.55	332.33	per plot	4%
Cremated remains in garden of rest	319.55	332.33	per plot	4%
Interment of second person cremated remains in same space on same day	319.55	332.33	per plot	4%
Scattering of ashes	173.80	180.75	each	4%
Scattering of ashes of second person at same time	136.95	142.43	each	4%
Headstones and Tablets – including all inscriptions				
Columbaria Sanctum 2000 Units – above ground	2,682.60	2,789.90	each	4%
second and subsequent Interment Sanctum 2000 units	74.80	77.79	each	4%
Memorial plaque - NCC owned and maintained bench	457.60	475.90	each	4%
Other Services and Items				
Administrative research of burial records (per 30 minute period)	39.05	40.61	per 30 minutes	4%
Provision of fibreglass burial cube	1,015.85	1,056.48	each	4%
Provision of BROXAP bench and concrete plinth	1,581.60	1,644.86	each	4%
Exhumation of Ashes	319.55	332.33	each	4%
Exhumation Full - Facilitation undertaken in house	2,856.00	2,970.24	each	4%
Exhumation of a child under the age of 3 years	655.20	681.41	each	4%
Exhumation of a child aged 3 - 8 years	904.80	940.99	each	4%
Exhumation of a child aged 8 - 14 years	1,154.40	1,200.58	each	4%
Exhumation of a child aged 14 -18 years	1,428.00	1,485.12	each	4%
Statutory Declaration	62.15	64.64	each	4%
Incorrect or missing details off forms. Interment forms not complete and where required, return to funeral directors to complete forms.	17.05	17.73	each	4%
Change in Circumstances (Grant name, marriage etc)	37.95	39.47	each	4%
Cancellation of Funeral (48hrs)	371.25	386.10	each	4%
Change in Funeral Times	37.95	39.47	each	4%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Copy of Exclusive Right of Burial (LOST/MISPLACED)	185.90	193.34	each	4%
Grant of Exclusive Right - 50 YEARS	1,039.50	1,081.08	each	4%
Grant of Exclusive Right - 25 YEARS	519.75	540.54	each	4%
Fee for plot for Non Newport resident	2,549.25	2,651.22	each	4%
Additional Tablet on Existing plot with Headstone	227.70	236.81	each	4%
Fee for new ashes plot Non Newport resident	1,586.20	1,649.65	each	4%
Headstone fee - Before April 2011	438.90	456.46	each	4%
Tablet Fee - Before April 2011	227.70	236.81	each	4%
Additional inscription	71.50	74.36	each	4%
Weekend Burial Services (Standard Burial Charges also apply)	595.10	618.90	each	4%
Memorial tree (no plinth)	565.40	678.48	each	20%
Traditional Graves (allowing the installation of full kerb sets). Additional cost on top of the purchasing of a grant of exclusive right.	457.60	475.90	each	4%
Double Depth Grave	228.80	237.95	each	4%
Triple Depth Grave	343.20	356.93	each	4%
Test Dig of a Grave	160.60	167.02	each	4%
Bricking up a Single Grave	743.60	773.34	each	4%
Bricking up a Double Grave	1,487.20	1,546.69	each	4%
Poly urn for sanctums	290.50	290.50	each	0%
Allotment Rents - admin charge per plot	36.00	36.72	per plot	2%
Allotment Perch Fee (Plots can be made up of multiple perches - each perch represents approx 25m2)	4.07	4.07	per perch	0%
Public Rights of Way				
Public rights of way temporary order (minimum cost of officer time only)	1,830.40	1,903.62	each	4%
Public rights of way permanent order (minimum cost officer time only)	2,163.20	2,249.73	each	4%
Car Parking in City Parks				
Up to 2 hours	1.00	1.00		0%
Up to 5 hours	3.00	3.00		0%
Over 5 hours	5.00	5.00		0%
Car parking Fourteen Locks Canal Centre	0.00			
Up to 4 hours	1.00	1.00		0%
Up to 5 hours	2.50	2.50		0%
Over 5 hours	3.00	3.00		0%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Waste Collection				
Trade waste collection:-				
Trade blue sacks	32.24	33.50	per roll of 13	4%
Trade blue labels	64.48	67.00	per pack of 26	4%
Recycling sacks	15.08	N/A	per roll of 13	
Cardboard labels	11.96	N/A	per pack of 10	
Non-recyclable 240 Litre bin	6.76	6.50	per collection	-4%
Non-recyclable 360 Litre bin	8.84	8.20	per collection	-7%
Non-recyclable 660 Litre bin	15.60	15.00	per collection	-4%
Non-recyclable 1100 Litre bin	26.00	25.00	per collection	-4%
New - Recycling 1100l bin	N/A	11.90	per collection	
New - Recycling 660l bin	N/A	7.40	per collection	
New - Recycling 360l bin	N/A	4.00	per collection	
New - Recycling 240l bin	N/A	4.00	per collection	
New - Food waste 240l bin	N/A	5.00	per collection	
New - Hire of 240 Litre bin	N/A	0.11	per day and bin	
New - Hire of 360 Litre bin	N/A	0.11	per day and bin	
New - Hire of 660 Litre bin	N/A	0.15	per day and bin	
New - Hire of 1100 Litre bin	N/A	0.20	per day and bin	
New - Recycling sack collection	N/A	10.00	per collection	
New - Recycling caddie 23l	N/A	2.50	each	
New - Internal containers	N/A	Variable		
New - Penalties for contamination/excess waste	N/A	Variable		
Residual bin replacement	22.36	23.70	each	6%
New Developments - set of new bins	56.16	58.41	each	4%
Bulky/Special Collection	22.00	22.00	up to 3 item	0%
	6.00	6.00	additional items above £21	0%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Waste Disposal Charges				
Active Waste Disposal Charge (set gate fee but variables for asbestos and commercial waste contracts)	64.90	67.50	per tonne	4%
Inactive Waste Disposal Charge	19.25	20.02		4%
Parks And Open Spaces				
Belle Vue Park				
Commercial Photography (Wedding Photography professional)- Annual Permit	97.90	101.82	annually	4%
Caerleon Pavilion				
Commercial hire per hour	19.80	20.59	per hour	4%
Education hire per hour	15.95	16.59	per hour	4%
Children's Parties per hour	15.95	16.59	per hour	4%
Community Groups hire per hour	12.65	13.16	per hour	4%
Parks General				
Provision of BROXAP bench and concrete plinth	1,581.60	1,644.86	per item	4%
Memorial plaque - NCC owned and maintained bench	457.60	494.21	each	8%
Tredegar Park Bike Scheme				
Newport Resident under 18	0.00	0.00		0%
Newport Resident over 18	0.00	0.00		0%
Non Newport Resident under 18	3.63	4.17		15%
Non Newport Resident over 18	6.05	6.66		10%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Sport and Leisure Pitch Hire				
Football				
Pitch only (adult) (per match/pitch) summer and winter	42.83	44.54	each	4%
Pitch and 1 x changing (adult) (per all sports summer and winter)	60.19	62.60	each	4%
Changing room (all ages)	25.41	26.43	each	4%
Seasonal football charge exclusive use – football pitch only	1,283.76	1,335.11	each	4%
Seasonal football charge exclusive use - football pitch and changing room	1,477.56	1,536.67	each	4%
Seasonal football charge priority - pitch only	673.40	700.34	each	4%
Seasonal football charge priority - pitch & changing room	906.95	943.23	each	4%
Seasonal football charge standard - pitch only	487.80	507.31	each	4%
Seasonal football charge standard - pitch and changing room	768.54	799.28	each	4%
Seasonal football charge general use - Sunday sides - pitch only	375.23	390.24	each	4%
Seasonal football charge general use - Sunday sides - pitch and changing room	519.72	540.51	each	4%
Football pitch hire aged 11-12 years	10.30	10.71	each	4%
Football pitch hire and changing rooms aged 11-12 years	17.05	17.73	each	4%
Football pitch hire aged 13-16 years	20.89	21.73	each	4%
Football pitch hire and changing rooms aged 13-16 years	31.83	33.11	each	4%
Rugby				
Pitch only (adult) (per match/pitch) summer and winter	42.83	44.54	each	4%
Pitch and 1 x changing (adult) (per all sports summer and winter)	60.19	62.60	each	4%
Changing room (all ages)	23.10	24.02	each	4%
Rugby - exclusive use pitch and changing	1,477.36	1,536.46	each	4%
Rugby - exclusive pitch only	1,283.57	1,334.91	each	4%
Rugby - standard pitch	487.92	507.44	each	4%
Rugby - standard pitch and changing	724.84	753.83	each	4%
Rugby pitch hire aged 11-12 years	10.30	10.71	each	4%
Rugby pitch hire and changing rooms aged 11-12 years	17.05	17.73	each	4%
Rugby pitch hire aged 13-16 years	20.89	21.73	each	4%
Rugby pitch hire and changing rooms aged 13-16 years	28.94	30.10	each	4%
Glan Usk				
Glan Usk Astro Juniors	27.74	28.85	each	4%
Glan Usk Astro Seniors	57.20	59.49	each	4%
Tennis courts - Tredegar Park (New charges)				
Annual Pass - student	N/A	39.00	Annual	N/A
Annual Pass - Family	N/A	19.00	Annual	N/A
Pay and Play	N/A	4.50	per hour	N/A

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Events				
Major Charitable Events - Price upon application Charity Events land hire (per day discretionary)	257.40	267.70	each	4%
Setup and Derig	367.95	382.67	each	4%
Fun fair 1-3 rides	367.95	382.67	each	4%
Fun fair 3 plus ride	612.70	637.21	each	4%
Outdoor cinema	490.60	510.22	each	4%
Catering/Commercial stall per trader	147.40	153.30	each	4%
Alcohol bar	1,226.50	1,275.56	each	4%
NCC Street Cleaning Service per day	371.80	386.67	each	4%
Major Commercial Events - Price upon application Commercial Events land hire (per day discretionary)	643.50	669.24	each	4%
Setup and Derig	619.30	644.07	each	4%
Fun fair 1-3 rides	495.00	514.80	each	4%
Fun fair 3 plus ride	619.30	644.07	each	4%
Outdoor cinema	619.30	644.07	each	4%
Catering/Commercial stall per trader	185.90	193.34	each	4%
Alcohol bar	2,475.00	2,574.00	each	4%
NCC Street Cleaning Service per day	371.80	386.67	each	4%
Low Key Community Events (no Income Generation (per day))	64.35	66.92	each	4%
Community Events Income Generation (per day)	124.30	129.27	each	4%
Catering/Commercial stall per trader (New)	N/A	64.00	each	N/A
Fun fair 1-3 rides/Inflatables (New)	N/A	64.00	each	N/A
Site clean up (if required) (New)	N/A	100.00	each	N/A
Land rental for car boot sales - location Tredegar park when available	321.20	334.05	each	4%
Lodges - Rental Costs				
Grove Park Lodge	658.90	685.26	per month	4%
Shaftesbury Park Lodge	660.00	686.40	per month	4%
Christchurch Cemetery Lodge	595.10	618.90	per month	4%
St.Woolos Cemetery Lodge	735.90	765.34	per month	4%
Belle Vue Park - top lodge	735.90	765.34	per month	4%
Belle Vue Park - Residential Lodge Rent	676.50	703.56	per month	4%
Filming				
Student Filming	0.00	0.00		
Independent Filiming (New)	N/A	93.60	per hour	N/A
Independent Filiming (New)	N/A	356.93	half day	N/A
Independent Filiming (New)	N/A	713.86	full day	N/A
Comercial Filming (New)	N/A	187.20	per hour	N/A
Commercial Filming	686.40	686.40	half day	0%
Commercial Filming	1,372.80	1,372.80	full day	0%
Displaying of Banners	28.60	28.60	display period	0%
CCTV for NCC clients		per SLA	per SLA	
CCTV for non-NCC clients		per contrac	per contract	
Environmental Health Advice and Training	Variable	Variable	per contract	

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Port Health Ship Sanitation Certificates				
Gross Tonnage				
Up to 1,000	As per APHA Board decision	As per APHA Board decision	per certificate	
1,001 to 3,000	As per APHA Board decision	As per APHA Board decision	per certificate	
3001 to 10,000	As per APHA Board decision	As per APHA Board decision	per certificate	
10,001 to 20,000	As per APHA Board decision	As per APHA Board decision	per certificate	
20,001 to 30,000	As per APHA Board decision	As per APHA Board decision	per certificate	
Over 30,000	As per APHA Board decision	As per APHA Board decision	per certificate	
With exception of vessels with capacity to carry between 50 and 100 persons	As per APHA	As per APHA	per certificate	
With exception of vessels with capacity to carry more than 1,000 persons	As per APHA	As per APHA	per certificate	
Extensions to Certificates	As per APHA Board decision	As per APHA Board decision	per certificate	
Tables and Chairs (Licence)				
Annual Fee	175.50	175.50	per licence	0%
4 chairs	64.50	64.50	per licence	0%
12 Chairs	99.50	99.50	per licence	0%
24 chairs	175.50	175.50	per licence	0%
24+ chairs	216.50	216.50	per licence	0%
smoking area	58.50	58.50	per licence	0%
change name on licence	29.00	29.00	per licence	0%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Animal Establishment Licensing				
Application Audit Pre Audit Inspection	50.00	50.00	per hour	0%
Re Audit - In the event a licence is not issued following an audit the fee for an additional visit will be required.	50.00	50.00	per hour	0%
[a] Riding Establishments (Application Audit applies - see above)				
Up to 10 horses	138.00	143.52	per licence	4%
11 to 20 horses	169.00	175.76	per licence	4%
21 to 30 horses	181.00	188.24	per licence	4%
[b] Animal Boarding Establishments (Application Audit applies - see above)				
Pet Sitters	158.00	164.32	per licence	4%
Up to 25 animals	158.00	164.32	per licence	4%
25 to 50 animals	179.00	186.16	per licence	4%
Over 51 animals	210.00	218.40	per licence	4%
[c] Pet Shops (Application Audit applies - see above)	131.00	136.24	per licence	4%
[d] Dangerous Wild Animals (Application Audit applies - see above)	604.00	628.16	per licence	4%
[e] Dog Breeding Establishments (Application Audit applies - see above)	131.00	136.24	per licence	4%
[f] Zoo Licence (Application Audit applies - see above)	1,153.00	1,199.12	per licence	4%
For [a] to [f] above, in addition to the licence fee, the licensee to pay the Council's veterinary fees. The fee is payable on application and is not refundable if a licence is not issued.				
Stray Dogs Reclaiming Fees:				
Dogs reclaimed within 4 hours (New)	N/A	54.00	per dog	N/A
Dogs reclaimed after one day	104.00	108.16	per dog	4%
Dogs reclaimed after two day	120.00	124.80	per dog	4%
Dogs reclaimed after three day	137.00	142.48	per dog	4%
Dogs reclaimed after four day	151.00	157.04	per dog	4%
Dogs reclaimed after five day	168.00	174.72	per dog	4%
Dogs reclaimed after six overnight stays	183.00	190.32	per dog	4%
Dogs reclaimed after seven overnight stays	199.00	206.96	per dog	4%
Dogs reclaimed and staying with the kennels for an extended period (charge per night)	12.00	12.00	per dog	0%
However there will be discretion given to the Kennels Officer on the level of charging due to unusual circumstances. Further, where the Council has found it necessary to pay for vet treatment, these fees should be passed on to the owner reclaiming the dog.				
Dog re-homing fee	Variable		per dog	

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
[a] Ear piercing, acupuncture, electrolysis and Tattooing - Registration				
Premises	118.72	123.47	per registration	4%
Practitioners	118.72	123.47	per registration	4%
Replacement Certificates	29.68	30.87	per certificate	4%
Addition of new Procedure to existing Certificate	59.36	61.73	per certificate	4%
Temporary Premises for Public Event	82.15	85.44	per registration	4%
Temporary Practitioners for Public Event	40.81	42.44	per registration	4%
Voluntary Surrender of Food Certificate	71.02 for first half hour and 71.02 for every additional half hour or part thereof plus VAT	73.86 for first half hour and 73.86 for every additional half hour or part thereof plus VAT	per certifica	4%
Collection and Disposal of Food (with or without agreement)	To be determined by cost of disposal and officer time	To be determined by cost of disposal and officer time	per disposal & hour	
Food Hygiene Rating Scheme - Rescore Fee	180.00	180.00	per certificate/ abortive visit	0%
[c] Export Health Certificates				
Export Health Certificate - Food Safety (per certificate)	139.39	144.97	per certifica	4%
Local land searches/Environmental Information Regulations requests in respect of contaminated land etc. [other than those under the Local Land Charges Act 1975]	70.49 for first hour and 70.49 for each additional	73.31 for first hour and 73.31 for each additional	per hour	4%
UK Entrance Clearance - Premises Assessment				
Property inspection	229.90	239.10	per inspection	4%
Re-assessment for additional person (within 6 months)	117.70	122.41	per assessment	4%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Works in Default - Administration fee				
	Fee charged by the contractor (ex.VAT) plus:	Fee charged by the contractor (ex.VAT) plus:		
	20% for fees up to £1,000	20% for fees up to £1,000		
	10% for fees £1,001+	10% for fees £1,001+		
	*Fee charged by contractor plus "officer time" charge (up to a max. of the above charge) where RS Manager agrees defaulter has special circumstances.	*Fee charged by contractor plus "officer time" charge (up to a max. of the above charge) where RS Manager agrees defaulter has special circumstances.		
Port Health – Water Sampling				
(i) Drinking water – Microbiological (First Sample) (Plus VAT)	122.65	127.56	per sample	4%
(ii) Drinking water – Microbiological (each subsequent sample) (plus VAT)	86.35	89.80	per sample	4%
(iii) Legionella water sample (first sample) (plus VAT)	145.75	151.58	per sample	4%
(iv) Legionella water sample (each subsequent sample) (plus VAT)	109.45	113.83	per sample	4%
Port Health – Organic Animal Feed and Food Import Certificate	45.00	45.00	National flat rate charge of £45	0%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Sports Grounds General Safety Certificates				
General Safety Certificates	Cost recovery up to maximum of £500	Cost recovery up to maximum of £500	per certificate	0%
Special Safety Certificates for Sports Grounds	186.56	194.02	per certificate	4%
Street Trading				
City centre pitch - application fee (monthly)	64.89	67.49	per licence	4%
City centre pitch - application fee (quarterly/full year)	196.56	204.42	per licence	4%
License fee (daily) - static trader	59.28	61.65	per licence	4%
License fee (weekly) - static trader	118.56	123.30	per licence	4%
License fee (monthly) - static trader	328.64	341.79	per licence	4%
License fee (quarterly) - static trader	460.72	479.15	per licence	4%
License fee (full year) - static trader	1,052.48	1,094.58	per licence	4%
City centre pitch - license fee (full year) - static trader	3,289.52	3,421.10	per licence	4%
License fee (daily) - mobile trader	59.28	61.65	per licence	4%
License fee (weekly) - mobile trader	118.56	123.30	per licence	4%
License fee (monthly) - mobile trader	155.53	161.75	per licence	4%
License fee (quarterly) - mobile trader	196.56	204.42	per licence	4%
License fee (full year) - mobile trader	394.16	409.93	per licence	4%
Taxi Licensing Fees				
Vehicles - less than 5 years	83.00	83.00	per licence	0%
Vehicles – more than 5 years, less than 10	114.00	114.00	per licence	0%
Vehicles – over 10 Years	166.00	166.00	per licence	0%
Drivers 3 year	249.00	249.00	per licence	0%
Driver instalments	83.00	83.00	per licence	0%
Operators 1-9 vehicles	1,000.00	1,000.00	per licence	0%
Operators 10-19 vehicles	1,500.00	1,500.00	per licence	0%
Operators 19-35 vehicles	2,000.00	2,000.00	per licence	0%
Operators 35+ vehicles	2,500.00	2,500.00	per licence	0%
Replacement rear plate	19.00	19.00	per item	0%
Replacement internal plate	12.00	12.00	per item	0%
Replacement licence	6.00	6.00	per licence	0%
Replacement bracket	13.00	13.00	per item	0%
Replacement Badge	19.00	19.00	per item	0%
Transfer Plate	65.00	65.00	per item	0%
Change of vehicle	115.00	115.00	per licence	0%
Knowledge test	65.00	75.00	per test	15%
Scrap Metal				
Site Licence	524.16	545.13	per licence	4%
Variation of licence	59.28	61.65	per licence	4%
Collectors licence	341.12	354.76	per licence	4%

Appendix 11 – Fees & Charges

Income Source	23-24 Charge (exc VAT) £	24-25 Charge (exc VAT) £	Unit of Charge (per hr / day etc)	% Increase
Private Water Supplies				
Risk Assessment (each assessment) - Up to 3 hours	£189.00 for up to 3 hours plus £63.00 for each additional hour or	£189.00 for up to 3 hours plus £63.00 for each additional hour or	per assess-ment	0%
Sampling (each visit)	£100*	£100*	per sample	0%
Investigation (each investigation)	£100* plus the analysis cost	£100* plus the analysis cost	per investi-gation	0%
Grant of an authorisation (each authorisation)	£100*	£100*	per authori-sation	0%
Analysis (taken under regulation 10)	£25*	£25*	per analysis	0%
Analysis (taken during check monitoring)	Analysis cost up to £100*	Analysis cost up to £100*	per analysis	0%
Analysis (taken during audit monitoring))	Analysis cost up to £500*	Analysis cost up to £500*	per analysis	0%
** Maximum permitted by regulation*				
Fireworks - all year sales licence (set at statutory maximum)	500.00	500.00	per licence	0%

Mae'r dudalen hon yn wag yn

The Proposal in the Budget Report under Agenda Item 4 be amended as below:

Alternative Budget Proposal – Lliswerry Independent Group

Overview of Proposed Amendments

Removal of Budget Pressures / Investments	
Remove staffing resource for client role in leisure services	(65,000)
Reduce Cabinet's proposed increase to annual sums capital budget from £700,000 to £200,000	(500,000)
Fund pressure from Out of Area Placements from reserves for 2 years, with a view to a strategy of developing additional placements over that time so that this investment is no longer required. £4.528m from the Capital Expenditure Reserve will be reallocated for this purpose.	(2,264,000)
New Budget Pressures / Investments	
Re-instate maintenance of watercourse at the rear of Thompson Avenue, Newport	30,000
Removal of Budget Savings	
Cancel closure of Civic Centre for 2 days per week, decision needs to be taken in line with asset management review and not prematurely	94,000
New Budget Savings	
Remove the role of the presiding officer	(9,000)
Reduce publication of Newport Matters from 2 monthly to 4 monthly	(21,500)
Remove Leader's Car and reduce driver budget	(17,500)
Net impact of budget amendments	**(2,753,000)**

Amended Budget Summary and Council Tax Rate

The table below shows the available and required budget funding with a 4.63% increase in Council Tax. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.	
Council Tax at Band D at 4.63%	£1,444.02
Budget requirement	**£000**
Base budget 2023/24	373,676
2024/25 Inflation	17,678
2024/25 use of reserve 'movement'	(2,235)
DRAFT BASE BUDGET 2024/25 (before investments/savings)	**389,119**
2024/25 Budget investments – (inc. increase of £705k required in Council Tax Reduction Scheme based on 4.63% Council Tax increase)	12,863

2024/25 budget savings	(5,234)
DRAFT BASE BUDGET 2024/25	**396,748**
Draft funding available	
Draft WG settlement	307,464
Current council tax at new tax base	84,641
Increased council tax @ 4.63%	3,918
Council Tax premiums	725
Total	**396,748**
Balance	**0**

Proposed by Councillor Mark Howells

Seconded by Councillor Allan Morris

Commentary from Statutory Officers

Chief Finance Officer (Section 151 Officer) Commentary

A key driver in the budget strategy and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. The Chief Financial Officer is required to report to the Council on the robustness and sustainability of the estimates in the budget report, and on the adequacy of the reserves and balances. The Council is required to take these comments into account when making its budget and Council Tax decisions.

The alternative budget proposal from the Lliswerry Independent Group removes one budget pressure, reduces a budget investment, and amends another pressure, both in terms of funding source and timeframe. In addition, the proposal introduces a new budget investment, removes one of the proposed budget savings and introduces three new budget savings. The net credit value of these amendments totals £2.753m, which is proposed to be used, in full, to reduce the value of the proposed Council Tax increase from 8.5% to 4.63%. Whilst the proposal is legal in that it maintains a balanced revenue budget and is robust for 2024/25, there are some specific matters that present a level of risk and uncertainty, particularly over the medium term, when considering the challenging outlook contained within the Council's Medium Term Financial Plan. These risks and the relevant considerations are set out below:

- The proposal to utilise earmarked reserves to fund the £2.264m Children's Services out of area placements pressure for a two-year period will result in the Capital Expenditure Reserve reducing by £4.528m. Utilising reserves in this way reduces the scope to support emerging capital expenditure pressures, should they emerge over the medium term. Should such pressures be unavoidable, this would potentially create an unfunded pressure upon the Council's capital programme. Whilst it has been suggested that future revenue underspends could be used to replenish reserves, this is not guaranteed and cannot be relied upon.
- As part of the same proposal, it has been assumed that it will be possible to eradicate the out of area placements pressure in two years' time. This assumption is not without risks

because, as things currently stand, the pressure contained within the MTFP is based on actual numbers coming through the system and there is not currently a transformational plan in place. Therefore, if the assumed transformation is not achieved, it would mean that the pressure could potentially still exist at the end of the two-year period, which would require either the use of further reserves or result in a new pressure being added to the Council's MTFP, which would be especially challenging when considering the challenging medium term outlook already identified.

- The proposal to reduce the annual sums allocation by £500k will impact upon the Council's ability to address the maintenance backlogs that currently exist in relation to both the highways network and property estate. This will reduce the pace at which the backlog will be eroded and potentially increase the likelihood of asset failure occurring, which could have a more significant financial impact.
- By reducing the proposed rate of Council Tax increase to 4.63%, this means that the Council is unlikely to improve its position, relative to other councils, in terms of the rate being one of the lowest in Wales. As has been described in previous reports, the low rate of Council Tax impacts the Council in the form of its funding levels which, if higher, would be available to support services. At a time when public sector funding is likely to be under strain, but demand for services high, a lower Council Tax rate will constrain the ability to meet the demands being placed upon the Council by a growing population.

Monitoring Officer Commentary

The legal context and implications set out in the main budget report also apply to these proposals and regard should be had to them. As regards the proposed utilisation of earmarked reserves, attention is drawn to the requirement, when the Council is considering its budget, to have regard to the s151 Officer's advice as to the robustness of estimates and the adequacy of the proposed reserves in the budget proposals. The body of the main report and this alternative proposal sets out this advice, including advice on financial resilience, reserves and contingencies.

Specific plans which are developed in relation to the proposals put forward will require evaluation. This evaluation will include whether there is a requirement for consultation with staff and trade unions and potentially the public, this may include undertaking Fairness and Equality Impact Assessments and wellbeing evaluations. Decisions taken in advance of this evaluation work can only be "in principle" decisions subject to more detailed work having been undertaken. The results of any further consultation or assessments required must be taken into account by the decision makers when considering any decision whether or not to implement. This may result in these proposed savings not being delivered in full immediately, therefore not meeting a full in-year saving for 2024/25.

Recommendations to Council

1. That full Council approve the alternative budget proposal in line with the Council Tax resolutions set out below; and

2. That full Council resolve to remove the role of Presiding Member and return to a Mayoral chair of the Council.

Council Tax Resolutions

RESOLUTION TO SET COUNCIL TAX LEVELS

1. That the revenue estimates for 2024/25 recommended by the Cabinet on 14 February 2024, as amended by this alternative budget proposal, be approved.

2. That it be noted that the Council at its meeting on 20 February 2007 delegated the setting of the tax base to the Head of Finance and that on 13 November 2023, the Head of Finance acting in accordance with that delegation calculated the following amounts for the year 2024/25 in accordance with regulations made under Section 33(5) of the Local Government Finance Act 1992: -

   (a) Council Tax Base

   61,329.00 being the amount calculated by the Council, in accordance with regulation 3 of the Local Authorities (calculation of council tax base) Regulations 1992, as its council tax base for the year;

   (b) Council Tax base for parts of the Council's Area

Area	Tax base
Bishton	766.77
Coedkernew	997.42
Goldcliff	182.31
Graig	2,478.82
Langstone	1,904.01
Llanvaches	238.44
Llanwern	1,672.89
Marshfield	1,513.35
Michaelstone	164.64
Nash	139.18
Penhow	464.83
Redwick	117.87
Rogerstone	6,114.92
Wentlooge	357.95

3. That the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992: -

   (a) £567,062,328.69 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e) of the Act
   (Gross Expenditure).

   (b) £170,506,959.71 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act
   (Gross Income).

(c) £396,555,368.98 being the amount by which the aggregate at (3)(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year ***(Budget + Community Council precepts)***.

(d) £307,463,669 being the aggregate of the sums which the Council estimates will be payable for the year into its council fund in respect of redistributed non-domestic rates, revenue support grant or additional grant ***(RSG + NNDR)***.

(e) £1,452.68 being the amount at 3(c) above less the amount at 3(d) above, all divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its council tax for the year ***(Average Band 'D' Tax for NCC including Community Councils)***.

(f) £531,509.53 being the aggregate amount of all special items referred to in Section 34(1) of the Act and detailed below ***(Community Council precepts)***.

Area	Special Item £
Bishton	34,954.00
Coedkernew	4,987.10
Goldcliff	7,808.34
Graig	70,894.25
Langstone	60,607.00
Llanvaches	10,074.09
Llanwern	35,670.00
Marshfield	36,320.40
Michaelstone	6,585.60
Nash	2,625.00
Penhow	27,451.00
Redwick	5,500.00
Rogerstone	209,741.75
Wentlooge	18,291.00
	531,509.53

(g) £1,444.02 being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates ***(NCC Band 'D' Council Tax)***.

(h) Council Tax level for parts of the Council's Area

Area	Basic Council Tax £
Bishton	1,489.61
Coedkernew	1,449.02
Goldcliff	1,486.85
Graig	1,472.62
Langstone	1,475.85
Llanvaches	1,486.27
Llanwern	1,465.34
Marshfield	1,468.02
Michaelstone	1,484.02
Nash	1,462.88
Penhow	1,503.08
Redwick	1,490.68
Rogerstone	1,478.32
Wentlooge	1,495.12

Being the amounts given by adding to the amount at 3(g) above, the amounts of the special item or items in 3(f) divided by the amount at 2(b) for the specified area of the council. These amounts are calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

NCC + Community Councils	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	993.07	1,158.59	1,324.09	1,489.61	1,820.63	2,151.66	2,482.68	2,979.22	3,475.76
Coedkernew	966.01	1,127.02	1,288.01	1,449.02	1,771.02	2,093.03	2,415.03	2,898.04	3,381.05
Goldcliff	991.23	1,156.44	1,321.64	1,486.85	1,817.26	2,147.68	2,478.08	2,973.70	3,469.32
Graig	981.75	1,145.37	1,308.99	1,472.62	1,799.87	2,127.12	2,454.37	2,945.24	3,436.11
Langstone	983.90	1,147.89	1,311.86	1,475.85	1,803.81	2,131.79	2,459.75	2,951.70	3,443.65
Llanvaches	990.85	1,155.99	1,321.13	1,486.27	1,816.55	2,146.84	2,477.12	2,972.54	3,467.96
Llanwern	976.89	1,139.71	1,302.52	1,465.34	1,790.97	2,116.61	2,442.23	2,930.68	3,419.13
Marshfield	978.68	1,141.80	1,304.90	1,468.02	1,794.24	2,120.48	2,446.70	2,936.04	3,425.38
Michaelstone	989.35	1,154.24	1,319.13	1,484.02	1,813.80	2,143.59	2,473.37	2,968.04	3,462.71
Nash	975.25	1,137.80	1,300.33	1,462.88	1,787.96	2,113.05	2,438.13	2,925.76	3,413.39
Penhow	1,002.05	1,169.07	1,336.07	1,503.08	1,837.09	2,171.12	2,505.13	3,006.16	3,507.19
Redwick	993.79	1,159.42	1,325.05	1,490.68	1,821.94	2,153.21	2,484.47	2,981.36	3,478.25
Rogerstone	985.55	1,149.81	1,314.06	1,478.32	1,806.83	2,135.35	2,463.87	2,956.64	3,449.41
Wentlooge	996.75	1,162.87	1,328.99	1,495.12	1,827.37	2,159.62	2,491.87	2,990.24	3,488.61
All Other Parts of the City	962.68	1,123.13	1,283.57	1,444.02	1,764.91	2,085.81	2,406.70	2,888.04	3,369.38

Being the amounts given by multiplying the amounts at 3(g) and 3(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in the valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

4. That it be noted for the year 2024/25, that The Police and Crime Commissioner for Gwent has stated the following amount in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below: -

The Police and Crime Commissioner for Gwent	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
All Parts of the City	233.01	271.85	310.68	349.52	427.19	504.86	582.53	699.04	815.55

5. That having calculated the aggregate in each case of the amounts at 3(i) and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2024/25 for each of the categories of dwelling shown below: -

Total Council Tax Demand	Valuation Bands								
	A	B	C	D	E	F	G	H	I
	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p	£.p
Bishton	1,226.08	1,430.44	1,634.77	1,839.13	2,247.82	2,656.52	3,065.21	3,678.26	4,291.31
Coedkernew	1,199.02	1,398.87	1,598.69	1,798.54	2,198.21	2,597.89	2,997.56	3,597.08	4,196.60
Goldcliff	1,224.24	1,428.29	1,632.32	1,836.37	2,244.45	2,652.54	3,060.61	3,672.74	4,284.87
Graig	1,214.76	1,417.22	1,619.67	1,822.14	2,227.06	2,631.98	3,036.90	3,644.28	4,251.66
Langstone	1,216.91	1,419.74	1,622.54	1,825.37	2,231.00	2,636.65	3,042.28	3,650.74	4,259.20
Llanvaches	1,223.86	1,427.84	1,631.81	1,835.79	2,243.74	2,651.70	3,059.65	3,671.58	4,283.51
Llanwern	1,209.90	1,411.56	1,613.20	1,814.86	2,218.16	2,621.47	3,024.76	3,629.72	4,234.68
Marshfield	1,211.69	1,413.65	1,615.58	1,817.54	2,221.43	2,625.34	3,029.23	3,635.08	4,240.93
Michaelstone	1,222.36	1,426.09	1,629.81	1,833.54	2,240.99	2,648.45	3,055.90	3,667.08	4,278.26
Nash	1,208.26	1,409.65	1,611.01	1,812.40	2,215.15	2,617.91	3,020.66	3,624.80	4,228.94
Penhow	1,235.06	1,440.92	1,646.75	1,852.60	2,264.28	2,675.98	3,087.66	3,705.20	4,322.74
Redwick	1,226.80	1,431.27	1,635.73	1,840.20	2,249.13	2,658.07	3,067.00	3,680.40	4,293.80
Rogerstone	1,218.56	1,421.66	1,624.74	1,827.84	2,234.02	2,640.21	3,046.40	3,655.68	4,264.96
Wentlooge	1,229.76	1,434.72	1,639.67	1,844.64	2,254.56	2,664.48	3,074.40	3,689.28	4,304.16
All Other Parts of the City	1,195.69	1,394.98	1,594.25	1,793.54	2,192.10	2,590.67	2,989.23	3,587.08	4,184.93

Mae'r dudalen hon yn wag yn

Report

Council

Part 1

Date: 29 February 2024

Subject **2024/25 Capital Strategy and Treasury Management Strategy**

Purpose The purpose of this report is to present to Council the Capital and Treasury Management Strategies for approval. The report summarises the key aspects of both strategies, as well as highlighting the main implications and risks arising from them. The report also includes the proposed Capital Programme, which Cabinet approved at its meeting on 14th February 2024.

Author Assistant Head of Finance

Ward General

Summary As set out within the Corporate Plan, the Council has ambitious plans for the city, with the Capital Programme a key enabler in delivering this ambition. The current programme runs from 2023/24 to 2027/28. In line with the rolling programme management approach, the next iteration of the five-year programme will run from 2024/25 to 2028/29. The next iteration of the programme will predominantly comprise of annual recurring allocations and a number of ongoing schemes from the existing programme.

This report includes both the Capital and Treasury Management Strategies which, at their core, (i) confirm the Capital Programme, as part of the Capital Strategy and (ii) the borrowing limits and other indicators which govern the management of the Council's borrowing and investing activities, as part of the Treasury Management Strategy.

The Capital Strategy also sets out the long-term context (10 years) in which capital decisions are made. It demonstrates that the Council's approach to taking capital and investment decisions is in line with service objectives, whilst giving consideration to risk, reward and impact. It also demonstrates that these decisions are taken whilst having proper regard to stewardship of public funds, value for money, prudence, sustainability and affordability.

The capital plans of the authority are inherently linked with the treasury management activities it undertakes and, therefore, the Treasury Management Strategy is included alongside the Capital Strategy.

The main recommendations arising from the two strategies are outlined in this covering report.

Proposal Council is asked:

- To approve the Capital Strategy (Appendix 2), which incorporates the approved capital programme, and the borrowing requirements/limits needed to deliver the approved programme.

- To approve the Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy and the Minimum Revenue Provision (MRP) policy for 2024/25. (Appendix 3)

- As part of the above:

  - To note the increasing debt, and corresponding revenue cost of this, in delivering the rolling Capital Programme, and the implications of this over both the short and medium-long term with regard to affordability, prudence and sustainability.

  - To note the Head of Finance comments that borrowing needs to be limited to the extent that it stabilises the Capital Financing Requirement over the long term, and does not add future pressure to the Council's Medium Term Financial Plan, and the recommended prudential indicators on borrowing limits to achieve this.

  - To note the feedback provided by the Governance & Audit Committee on 25th January 2024 (paragraph 8).

Action by Head of Finance

Timetable Immediate

This report was prepared after consultation with:

- Leader of the Council
- Chief Executive
- Strategic Directors
- The Council's Treasury Advisors
- Governance & Audit Committee

Signed

Background

Governance and requirement of councils

1. In November 2022, the Cabinet approved the Council's new Corporate Plan, which set out how it would achieve the ambition of an *Ambitious, Fairer, Greener Newport for everyone*. This mission is underpinned by four wellbeing objectives and supported by a transformation plan. Achievement of the four wellbeing objectives will be pursued via a series of actions and individual service plans. In some instances, these actions will involve activity and projects of a capital nature.

2. Whilst Cabinet makes decisions regarding the capital projects to be included in the programme, it is full Council that approves the borrowing limits that the overall programme must remain within. Many projects are funded from capital grants, capital receipts and specific reserves, which do not impact on borrowing levels, but, where borrowing is required, it is important that those limits are not exceeded. This is an important area of overall financial management governance in that debt funded capital expenditure, and the external borrowing that results, lock the Council in to a long-term liability for the associated revenue costs. These costs, known as 'Capital Financing Costs' are comprised of the external loan interest costs and the provision for financing the debt funded capital expenditure, known as Minimum Revenue Provision (MRP).

3. As in previous years, the Council continues to work within a constrained financial situation. This is particularly evident within the revenue budget, where high inflation and increasing demand for services has created significant budget pressure, but also within the capital budget and programme. This is evidenced by the relatively low level of capital resources available, considering the demand for capital resources that exists across many Council services. The constraint on the availability of capital resources has been heightened by the high interest rate environment which, in effect, means that the Council's capital financing budget, which forms part of the overall revenue budget, does not stretch as far, due to more of it having to be used to meet external interest costs. Whilst interest rates appear to have now settled, and may start to reduce, they are still much higher than in recent years and will continue to limit the amount of new borrowing that can be committed to.

4. In light of the scarcity of capital resources, but ever-present demand for them, the Council has taken steps to strengthen its capital programme governance arrangements, by introducing a Capital Assurance Group (CAG). The CAG is comprised of senior officers, who periodically review the delivery of the capital programme and hold Heads of Service to account, where delays in delivery or rising costs of schemes are being experienced. Through this new arrangement, it is hoped that the levels of slippage seen in previous years will be reduced, thus reducing the risk that unnecessary external borrowing will be undertaken. As well as this, the group is also responsible for undertaking the initial review of new capital bids, both internally and externally funded, prior to formal consideration by Cabinet. This process will ensure that the Council's overall capital programme remains manageable by not committing to an undeliverable number of schemes, but also that Council capital resources are only committed to the highest priorities.

5. In addition to the continuation of a challenging financial environment, the introduction of a new accounting standard, IFRS16 Leases, will impact upon the Capital and Treasury Management Strategy. This standard will take effect from 1st April 2024 and will require all councils to treat leasing arrangements, including PFIs, as capital expenditure, rather than revenue expenditure. As a result of this, the previous revenue cost of leasing arrangements, met from service area budgets, will be replaced by an MRP charge. Overall, in broad terms, this change is expected to have a neutral financial impact, as the charges against the revenue budget will be of equivalent value to current leasing charges. However, by treating the full cost of the lease as capital expenditure, it will increase the Council's Capital Financing Requirement (CFR) and impact upon the prudential indicators, especially the Operational Boundary and Authorised Limit. The estimated financial impact of this change is reflected throughout the report and the figures contained within it.

6. The key governance documents that underpin this area of local authority finances are:

Capital Strategy

This, at its core:

i) Sets out the long-term context (10 years) in which capital decisions are made and includes the medium-term Capital Programme;

ii) Demonstrates that the local authority takes capital / investments decisions in line with service objectives, giving consideration to risk, reward and impact;

iii) Shows how the Council takes account of stewardship of public funds, value for money and affordability, sustainability and prudence in its decisions and plans.

Treasury Management Strategy

This, at its core:

(i) Sets out the Council's longer term borrowing requirement and approach, which is driven mainly by the Capital Programme requirements and, in Newport specifically, the reducing 'internal borrowing' capacity;

(ii) Outlines how the Council will manage and invest any surplus cash;

(iii) Includes additional guidance, namely the Welsh Government Investment Guidance and the MRP Policy.

Both these strategies are a requirement of CIPFA's Prudential Code, which ensures, within the frameworks that these documents set, and a suite of prudential indicators, that capital expenditure plans are:

- **Affordable –** there must be sufficient resources to be able to meet the capital financing consequence of debt-funded capital expenditure within the overall revenue budget. There must also be sufficient capital resources for any non-debt funded capital expenditure. In addition, total capital expenditure is to be within **sustainable** limits. Councils are required to consider their current and estimated future resources available, together with the totality of their capital expenditure and income forecasts in assessing affordability.

- **Prudent –** it is important that whilst capital expenditure and capital financing costs are affordable, they are also proportionate. I.e. it is important that an appropriate proportion of the revenue budget is allocated for the purpose of financing past capital expenditure and that this is **sustainable**. Consideration as to overall financial **sustainability** is a key aspect to this. The operational borrowing limit should provide for the most likely level of borrowing, not the worst case, with the authorised limit providing sufficient headroom to enable day to day cash management. There should be alignment with the treasury management policy statement and practices and investing activities should strike an appropriate balance between security, liquidity and yield, in that order.

- **Sustainable –** sustainability is a key theme when considering both affordability and prudence and is something that should be assessed in terms of the long-term financial picture.

7. The Capital Strategy and Treasury Management Strategy are inherently linked and the main recommendations and observations arising from these are summarised in the following sections. In light of the requirement for full Council to ultimately provide approval of these strategies, the Governance & Audit Committee were asked to review and provide comments on both strategies, and the limits and prudential indicators contained within them, as necessary, to enable Cabinet, and then Council, to appropriately consider and then approve each strategy as required.

8. The report was considered by Governance & Audit Committee on 25th January 2024. There were no significant comments or observations raised and the committee were content to endorse the strategies for onward consideration by Cabinet and then Council, as they were satisfied that the proposed strategies adequately addressed the question of affordability.

9. It should be noted that, subsequent to Cabinet meeting on 14th February 2024, the strategies, and figures contained within them, have been updated to reflect the final budget decisions announced by the Leader in that meeting. The first announcement was the addition of £700k to the annual sums allocations within the Capital Programme, with £500k being added to the Highways Maintenance capital budget and £200k to the Asset Maintenance capital budget. The second was the introduction of an additional £595k to the Capital Financing budget, which provides additional one-off borrowing headroom totalling £7m. These additions are now reflected in the Capital Programme and the various prudential indicators and borrowing limits requiring Council approval. In addition, the impact of IFRS16 has now been updated to reflect the estimated impact in relation to PFIs, specifically.

<u>Capital Strategy 2024/25 to 2034/35</u>

Capital Programme to 2028/29

10. The Council's current capital programme, which covers the period 2023/24 to 2027/28, amounts to £248m, with £93m allocated in 2023/24 alone. Current forecasts suggest slippage of £9m against this financial year, which will be transferred into future years. As mentioned previously, the current programme includes a very limited amount of borrowing headroom, due to the funding challenges already outlined over the medium-term period. However, whilst borrowing headroom is limited, some capital headroom exists via the Capital Expenditure Reserve and Capital Receipts Reserve and can be used to meet the costs of new schemes or the increasing costs of existing schemes.

11. The proposed programme for the period covering 2024/25 to 2028/29 largely comprises ongoing or previously approved schemes, including slippage from 2023/24, as well as annual sums for activities such as asset maintenance and fleet renewal. However, whilst the current programme only includes a limited amount of approved borrowing headroom, the new programme includes a new allocation of £7m borrowing headroom, as well as, indicatively, new borrowing capacity from 2027/28 onwards, amounting to £7m per year. These indicative allocations from 2027/28 will only be approved closer to the years in question, once it is clear that they are affordable, prudent and sustainable. However, their inclusion does allow for some preliminary planning to take place around potential future schemes. Because of the high level of slippage forecasted in 2023/24, it means that the new programme will still be significant in scale and, because of this, remains a challenge in terms of deliverability.

12. The proposed programme is set out in the table that follows. It shows a total programme of £136.1m, comprising annual sums of £34.1m and ongoing schemes totalling £80.0m. Borrowing headroom stands at £22.057m, comprising £57k of unallocated existing headroom, £1m of existing headroom that is ringfenced specifically in relation to the Council's Levelling Up bid, £7m of new headroom agreed by Cabinet in February 2024, and £14m of indicative future borrowing. Significant schemes included within the proposed programme include the completion of the Council's Sustainable Communities for Learning Band B programme, the new leisure and wellbeing provision, the Transporter Bridge refurbishment and the Council's contribution towards the Cardiff Capital Region City Deal (CCRCD). The total value of the programme in 2024/25 stands at £66.9m (excluding borrowing headroom), which is more than has been spent in previous years and could be a challenge to deliver without any slippage

occurring. It should be noted that the Council will be required to meet CCRCD commitments beyond 2028/29. These previously approved commitments will represent the first call upon any new borrowing capacity.

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

	5-YEAR CAPITAL PROGRAMME					Total programme
	2024/25 Budget £m	**2025/26 Indicative £m**	**2026/27 Indicative £m**	**2027/28 Indicative £m**	**2028/29 Indicative £m**	**£m**
Annual Sums	8.1	6.5	6.5	6.5	6.5	**34.1**
Ongoing Schemes	58.7	17.2	2.9	0.0	1.1	**80.0**
Uncommitted borrowing*	8.1	0.0	0.0	7.0	7.0	**22.1**
TOTAL EXPENDITURE	**74.9**	**23.8**	**9.4**	**13.5**	**14.6**	**136.1**

Affordable borrowing limit

13. Capital Expenditure funded by debt increases the need to undertake external borrowing, unless it is possible to bridge this need via ‘internal borrowing’, which is the use of existing cash resources which are underpinned by the overall level of earmarked reserves. As the capacity to internally borrow reduces, as reserves are utilised as intended, the need for external borrowing increases. This is particularly the case for this Council, which has had a high level of internal borrowing in the past, but is now seeing that capacity reducing over the medium-long term. Because of this, coupled with an increased level of unfunded capital expenditure, the Council is committed to be a net borrower for the long term. To ensure this borrowing is affordable and sustainable, Council is required to set an affordable borrowing limit each year.

14. The affordable borrowing limit, also termed the ‘Authorised Limit’ for external debt, is the absolute maximum amount of borrowing that can be undertaken, in order to manage the overall, day to day, cash requirements of the Council. It also allows for a level of borrowing in advance of need to be undertaken, where appropriate and affordable. In addition, the Council needs to set an ‘Operational Boundary’, which is the expected level of borrowing required to finance the current Capital Programme. Any increase required to the Operational Boundary needs to be approved by full Council.

Table 2: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2023/24 limit	**2024/25 limit**	**2025/26 limit**	**2026/27 limit**
Authorised limit – borrowing	246	259	254	245
Authorised limit – PFI and leases	39	92	89	86
Authorised limit – total external debt	**285**	**351**	**344**	**331**
Operational boundary – borrowing	150	165	168	161
Operational boundary – PFI and leases	39	92	89	86
Operational boundary – total external debt	**189**	**257**	**257**	**247**

15. Over the medium term, it is anticipated that the level of borrowing required to facilitate the capital programme will be substantial. As outlined in Table 2, it is projected that long-term borrowing will reach £168m, excluding PFIs and leases, compared with the £135.6m that is currently held. It can also be seen that there is a significant difference between the Authorised Limit and the Operational Boundary. This is because of the level of internal borrowing available, underpinned by the level of cash backed reserves, which have increased significantly over recent years. However, the level of reserves will reduce over the medium-long term, in particular the PFI reserves, and, therefore, it will become necessary to undertake external borrowing in lieu of this reducing capacity. This will have a revenue impact because of the interest costs that will be incurred as a result of the external borrowing, compared to the lower cost of internal borrowing, which, in essence, is represented by interest income foregone.

16. It should be noted that the two limits described above only place a theoretical limit on borrowing that can be undertaken to fund new capital expenditure. This is particularly relevant where there is evidence of slippage occurring across the programme. As a consequence, in theory, additional borrowing could be undertaken over and above that budgeted in the existing Capital Programme, because the slippage means that the operational boundary, for example, would not be reached. This would present a risk that, ultimately, the cumulative level of borrowing could exceed that which is deemed affordable. Therefore, to ensure a measure of control on borrowing undertaken to fund new capital expenditure, a local indicator was introduced for 2022/23, which is directly linked to the level of borrowing headroom within the Capital Programme. The limit amounts to £8.057m in 2024/25, of which £1m is currently earmarked for a specific activity. This limit will apply until the indicative new borrowing is formally agreed in a few years' time.

17. The commitment to increase external borrowing leads to increasing capital financing costs. Because the financial impact of the current borrowing commitments was funded up front in the 2021/22 revenue budget, the existing revenue budget is already sufficient. The current and planned future budgets are set out in Table 3, below, taking account of the new borrowing headroom that forms part of the 2024/25 revenue budget proposals. The table also shows the value of capital financing costs as a proportion of the total revenue budget. The percentages quoted are lower than in previous years, largely because of the capital financing budgets remaining relatively stable at a time when the overall revenue budget is increasing, due to funding increases to cover pressures in key services. There remains uncertainty regarding local authority settlements beyond 2024/25 and, therefore, affordability of new borrowing and corresponding capital financing increases could remain a challenge.

Table 3: Capital Financing Budgets

	2024/25 budget	**2025/26 budget**	**2026/27 budget**	**2027/28 budget**	**2028/29 budget**
Provision for repayment of debt (MRP)*	10.3	11.1	11.1	11.1	11.1
Net interest cost	7.2	7.3	7.3	7.3	7.3
Total capital financing (exc PFI)	**17.5**	**18.4**	**18.4**	**18.4**	**18.4**
PFI & Leases	6.5	6.5	6.7	6.7	6.7
Total Financing costs* (£m)	**24.0**	**24.9**	**25.1**	**25.1**	**25.1**
Proportion of net revenue stream	5.9%	6.0%	6.2%	6.2%	6.2%

*includes charges direct to service areas

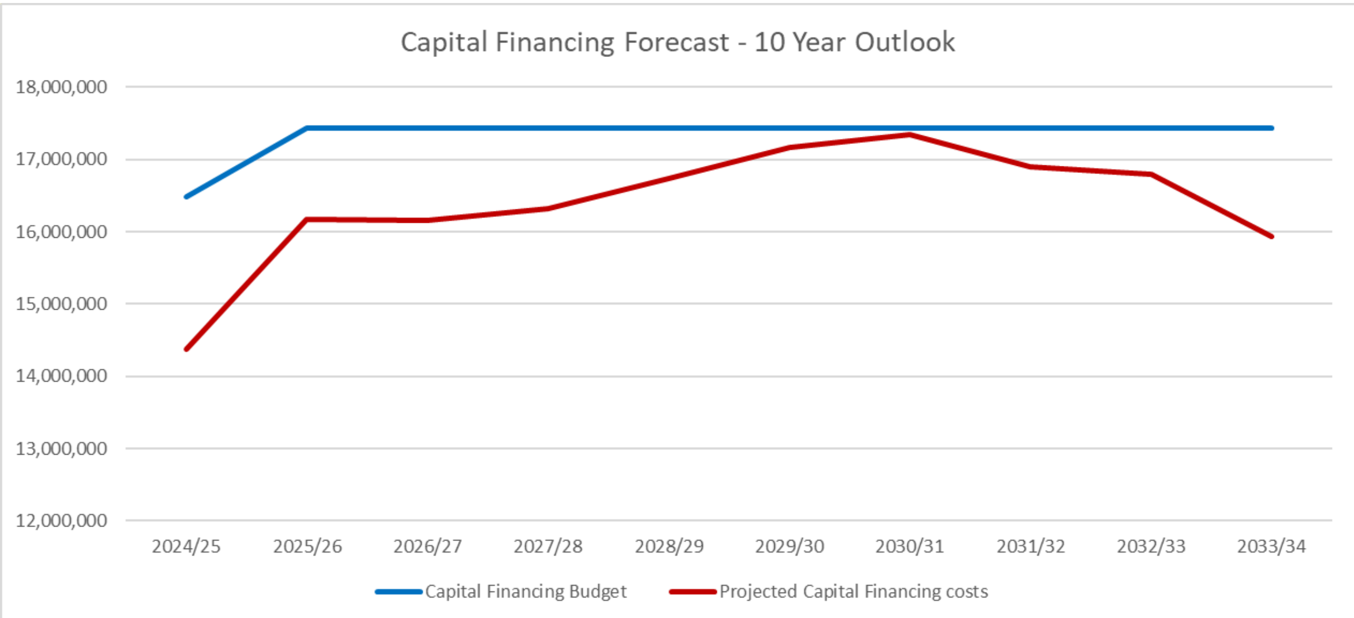
Longer term outlook

18. As well as considering the medium-term outlook, there is a need to look beyond this timeframe. This is particularly relevant when considering the long-term implications that capital financing decisions have. As outlined earlier, the overriding objective is to ensure that capital expenditure plans are affordable, prudent and sustainable, requiring a limit to be placed upon debt funded capital expenditure over that period. When looking longer term, the following points will need to be considered:

    - the high level of forecast borrowing and corresponding higher level of capital financing cost over the next few years.
    - the anticipated reduction in reserves and consequent capacity to be internally borrowed, requiring a continuing increase in external borrowing to replace it.
    - the need to refinance existing maturing borrowing, which could incur a higher interest cost than currently being incurred.
    - the Council's methodology for charging MRP, which realised a budget saving when changed in recent years, but which increases the charge each year from that point and will continue to do so going forward.
    - the challenging medium-term outlook driven by inflationary pressures, increasing demand for services and external funding constraints.

19. As outlined already, the programme includes £8m of new borrowing headroom but, beyond that, the scope for new borrowing is limited. However, at the point at which the existing new borrowing commitments subside (2027/28 onwards), indicative new borrowing capacity totalling £7m per year is included. It is important to note that these allocations will remain indicative until the point at which there is comfort that such commitments would meet the test of being affordable, prudent and sustainable, which would not be possible until closer to the years in question. Current assumptions and calculations would suggest that new borrowing from 2027/28 would be affordable and this is demonstrated in the graph that follows. As well as this, it would also achieve the aim of stabilising the Capital Financing Requirement and reducing it over a sustained period of time.

Chart 1: Capital Financing Cost Forecast, excluding PFI



20. The above graph demonstrates the impact that the existing programme, coupled with new indicative borrowing capacity from 2027/28, has on the capital financing requirements, denoted by the sharp increase in costs over the short term. Beyond that, there is a levelling off before a more gradual

increase over the middle years. There is then a drop-off, largely because of some current significant MRP commitments coming to an end. Whilst this could, theoretically, release budget to allow further borrowing to be undertaken, it wouldn't necessarily achieve the aim of stabilising the underlying need to borrow (CFR). Alternatively, any headroom created within the capital financing budget could be released as a budget saving for the purposes of assisting with balancing the revenue budget at that point in time.

Accountability and Responsibility for delivery of the Capital Programme

21. As outlined in the main strategy report, and capital monitoring reports throughout recent years, there has been a general challenge in relation to slippage. A part of this was caused by the COVID-19 pandemic, which led to delays in scheme delivery, amongst other challenges. However, there are also instances of other issues, such as overly optimistic profiling and a degree of placeholding each time a new programme is developed, which have had an impact. As a consequence of slippage, there is a risk that revenue budget is provided in advance of need and external borrowing is undertaken before required. This is an issue that has been recognised as needing addressing and, as a result, the Council has taken steps to introduce new governance arrangements with the aim of ensuring closer management and oversight of the Capital Programme.

22. To address this issue, a new Capital Assurance Group has been introduced, comprising senior management representatives and senior finance officers. This group provides assurance to the Council's Executive Board and, ultimately, Cabinet. It has a remit to scrutinise progress in scheme delivery and hold Heads of Service and Project Managers to account for the schemes for which they are responsible. The introduction of this group has not diminished the responsibilities of Cabinet, who remain responsible for approving the overall programme and subsequent additions and amendments, but should improve internal control and reduce the scale of slippage experienced in recent years. In addition, the group is responsible for reviewing new bids for capital resources, whether that be internal or external resources. By introducing this additional step in the process for securing capital resources, it is intended to ensure that only those schemes with a realistic prospect of being delivered, both within budget and timeframe, are added to the capital programme. This should result in a more manageable programme and, again, reduce the instances of slippage and overspending.

Treasury Management Strategy

23. The Council's detailed Treasury Management Strategy for 2024/25 and beyond is included as Appendix 3, as are the various treasury management indicators. Key points of interest are summarised below.

Borrowing Strategy

24. As outlined in earlier sections of this report, the Council is committed to being a net borrower over the life of the proposed Capital Programme. In particular, a significant increase in the need to borrow is being projected to the 2025/26 financial year. However, the Council's preferred strategy is to maximise the level of internal borrowing, facilitated by the level of cash-backed earmarked reserves held. Therefore, whilst the overall Capital Financing Requirement is set to increase, the need to undertake new borrowing will be deferred for as long as possible.

25. However, the capacity to internally borrow is planned to reduce over the medium to long term. In addition, some existing sizeable loans are due to mature within the next two years. These two factors, will mean that some new borrowing will be required simply to maintain the status quo, before considering any overall increase in the CFR. As well as this, in light of the Council's position as a committed long-term borrower, the decision could be taken to undertake borrowing in advance of need. This would only be done in consultation with the Council's treasury advisors and where it was felt to be appropriate, and affordable, in order to mitigate against future interest rate rises. This is especially

relevant considering the known need to refinance existing loans by the end of 2024/25 and the relatively uncertain interest rate market.

26. When the need to undertake borrowing arises, the Council will need to give consideration as to the time period over which to borrow. The guiding principle will be to achieve a low, but certain cost of finance. This will generally mean long term borrowing, as this can provide certainty for periods of more than 50 years, if desired. However, there is currently little difference between long and short-term borrowing rates and, therefore, with there being potential for long-term borrowing interest rates to reduce over the medium term, the Council could decide to undertake a degree of short-term borrowing as a way of buying time before rates reduce. Also, this would achieve a more balanced borrowing portfolio, but also assist with mitigating the risk of locking into high long-term borrowing rates prior to rates dropping. Again, individual borrowing decisions would only be taken in consultation with the Council's treasury advisors, but also whilst considering the maturity profile of the current borrowing portfolio, as well as overall affordability.

Investment Strategy

27. Both the CIPFA Code and the WG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council'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. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

28. In line with the intention originally outlined in the 2021/22 Capital Strategy, the Council has recently diversified its investment portfolio by investing £10m into a product known as covered bonds. These bonds have been committed to for periods of up to six years and, in doing so, has secured a reasonable yield, when compared to current interest rates, whilst ensuring the highest level of security available. By investing in these bonds, the Council has also ensured that it meets its MIFID II requirements and retains it professional client status for the purpose of accessing external finance. Over and above the minimum £10m investment requirement, the Council will continue to invest any surplus cash balances with secure investors, such as the Debt Management Office and other local authorities, both of which are currently providing competitive rates of return. The detail regarding the approved counterparty list and limits is shown in Appendix 3.

Head of Finance Summary

29. The Council's Capital Strategy, and in particular the Capital Programme itself, are, from a financial perspective, decisions with long term implications and where decisions today 'lock-in' the impact on budgets once projects have progressed and borrowing taken out. As explained in the first part of this report, the core requirement for councils is to make decisions whilst taking into account affordability, prudence and sustainability:

30. In terms of the Council's proposed Capital Programme to 2028/29:

Affordability

- There is a significant increase in the Council's projected level of external borrowing and the associated capital financing costs over the next two to three years, in particular. As has been reported in previous years, adequate revenue budget has been in place since 2021/22 to meet the anticipated costs of the full programme as it was at that point. In addition, an increase to the capital financing budget has been proposed as part of the 2024/25 revenue budget, which will facilitate £7m of new, one-off, borrowing headroom. The current capital programme is therefore affordable, in totality, as a result of these two factors. In addition, based on current assumptions, indicative new borrowing capacity of £7m per year from 2027/28 would also be affordable from within the planned capital financing budget. This is an important position because the Council has an unbalanced medium term financial position currently, due to high inflation driving up costs and increased demand for services. There is also a risk that funding constraints could arise over the medium term. Having already fully funded the revenue impact of the existing programme means that there is one less pressure on an already challenging outlook.

Prudence

- Prudent operational limits on the level of capital expenditure funded by borrowing have been recommended, which align with the proposed programme requirement and, therefore, the Council's priorities. These operational limits increase over the course of the programme and will result in the Council taking on more debt. Therefore, the Capital Programme needs to be strictly managed within those limits to ensure that the need to externally borrow does not increase and expose the Council to any further risk or interest costs.

Sustainability

- As outlined above, the revenue costs arising from the proposed Capital Programme have been fully funded within the overall revenue budget. Providing that the Council is able to meet the challenge of balancing its budget over the medium term, then the costs of borrowing are sustainable. In addition, current indications suggest that it will be possible to introduce new borrowing capacity from 2027/28. There is, however, a risk to this position, should funding constraints emerge over the medium term, which could present the need for the Council to take steps to balance its budget, one of which may be to review its capital financing budget and potentially scale back its capital programme aspirations. It is for this reason that this new headroom can only be introduced once there is greater certainty around the longer-term affordability of such a commitment.

31. It is recognised that whilst there are financial constraints to work within, there is also a need to invest in the Council's assets. It is therefore important that an appropriate balance is struck between financial restraint and the requirement to maintain and enhance the asset base. Therefore, whilst opportunities to introduce new borrowing capacity will be sought, it is also critical that all opportunities to increase the capital headroom via one-off sums need to be taken when available and potentially prioritised over other emerging pressures. This will assist with mitigating the impact of the maintenance backlogs and potentially avoiding the high-cost impact of asset failure. The absence of significant capital headroom will mean that other funding sources will need to be pursued for any new schemes, as well as maximising the ability to self-fund schemes. The new, strengthened, governance arrangements, will be a crucial part of managing the challenging situation over the medium to long term.

32. Council is required to approve the Capital and Treasury Management Strategies, including the prudential indicators and limits contained within.

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?
Increased need to borrow beyond	High*	Medium	Regular monitoring and reporting of available headroom should identify any issues at an early stage and	Members, Executive Board, Heads of Service

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?
currently assumed levels.			keep Cabinet / Council updated. A mechanism exists for increasing borrowing limits and this should only be done where affordable, prudent and sustainable.	and Head of Finance.
Undertaking borrowing that is not ultimately required.	High	Low	Regular monitoring of schemes, and strengthened governance arrangements, means that potential for slippage should be identified at an early stage. Continued reprofiling to be undertaken to guard against slippage not being identified. Regular contact with WG regarding potential grant funding, which could negate the need to undertake borrowing.	Executive Board, Heads of Service and Head of Finance.
Investment counterparty not repaying investments.	High*	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/duration available for relatively higher risk investment as measured by credit ratings will also alleviate the risk.	Members, Head of Finance, Treasury staff, based on advice from treasury advisors.
Interest Rates moving adversely against expectations.	Medium*	Medium	The interest rate climate has stabilised compared with the volatility shown over the last 12 months. Interest rate forecasts are regularly received from external treasury advisors and the Council is prudent when forecasting future interest payable. In addition, the Treasury Strategy provides for a balance between short and long-term borrowing as a means of managing this particular risk.	Head of Finance, Treasury staff, based on advice from treasury advisors.

** Impact is ultimately determined by the values involved, with the impact reducing as the values decrease.*

Links to Council Policies and Priorities

The Capital Strategy sets out the Capital Programme over a long-term context and demonstrates that the Capital Programme supports a number of the Council's aims and objectives.

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

To approve both the Capital Strategy and the Treasury Management Strategy for 2024/25, including the prudential indicators contained within both documents.

Preferred Option and Why

The Prudential Code places a requirement upon local authorities to determine a long-term Capital Strategy. The Prudential Code and statute also require that, before the end of the financial year, reports on Treasury Management matters are presented to Cabinet/Council for approval. Therefore, Council is required to approve both the Capital Strategy and the Treasury Management Strategy.

Comments of Chief Financial Officer

This report, and the Capital and Treasury Management Strategies appended, both highlight the revenue implications from capital expenditure, and the need for the capital plans of the authority to be affordable, prudent and sustainable. The main financial implications are captured within the report and all appendices. However, it is important to note the following comments.

The Capital Strategy highlights the anticipated increase in borrowing and the revenue costs resulting from the proposed Capital Programme, which is largely comprised of ongoing schemes from the current programme. Whilst the short to medium term increase in borrowing is currently affordable from within the capital financing budget, over the longer-term, a position needs to be reached whereby debt funded capital expenditure is no greater than the annual MRP charge, allowing the CFR to stabilise or, ideally, reduce. This will be a key issue over the medium to long term, mainly due to the challenging financial outlook being faced by the Council. At a time when demand for revenue resources is high, due to rising costs and demand for services, it will be important that demand for capital financing is proportionate and, ideally, kept to a minimum.

The strategy includes indicative allocations of new borrowing capacity from 2027/28 onwards. Whilst this would currently appear to be affordable, based on current assumptions, it is important to note that this is included for indicative purposes only. Only once there is greater certainty regarding the affordability and sustainability of such a commitment can this be approved. However, it is also recognised that there is a pressing need for new capital resources and, therefore, an appropriate balance will need to be struck between prudence and investment. Because of this demand for capital resources, it will be vital that opportunities to increase capital headroom are taken and that issues surrounding asset maintenance are prioritised. This will assist the Council with being able to react to emerging needs and mitigate the chance of asset failure.

The Treasury Management Strategy confirms that there is a long-term net borrowing commitment, but also a short-term refinancing requirement due to loans maturing over the coming financial year. It is almost certain, therefore, that the Council will need to take on new external borrowing during the year. Consideration will be given as to whether this can be done early, to mitigate the risk of interest rate rises and remain within current set budgets. As ever, such decisions will be taken in light of advice received from the Council's treasury advisors and with the aim of securing a low but certain cost of finance.

Comments of Monitoring Officer

There are no specific legal issues arising from the report. The Capital Strategy will provide a framework for future capital and investment decisions, having regard to principles of affordability, prudence, sustainability and risk/reward. The Treasury Management Strategy sets out the financial management principles that will underpin the Capital Strategy. As such, both strategies will form part of the Council's overall budget framework and are required to be formally approved and adopted by full Council. Governance & Audit Committee were asked to comment on the draft Capital Strategy and Treasury Management Strategy as part of its responsibility for reviewing and monitoring the effectiveness of the Council's system of internal controls and the proper administration of its financial affairs.

Comments of Head of People, Policy & Transformation

The Capital Strategy described within this report is considerate of, and meets the requirements of, the Wellbeing of Future Generations Act with a focus on long term planning and sustainability as part of the sustainable development principle. The Fairness and Equality Assessment completed and summarised below reinforces this element, along with the broadly positive/neutral impacts on protected groups.

Financial governance is a vital part of meeting the sustainable development principle and corporate objectives and it is noted that in light of scarce capital resources, despite demand for them, the Council has taken steps to strengthen governance, by introducing a Capital Assurance Group (CAG).

The report supports the Corporate Plan objectives which are ambitious and focused on working collaboratively with our staff, residents, and partners to improve service delivery across the city whilst supporting other related plans and strategies.

There are no direct human resources implications, however as the Council works towards the Corporate Plan and Capital Strategy, it will be necessary to consider the workforce requirements needed to achieve the objectives as set out. Any staffing impact will be considered, and consultation will take place as and when necessary.

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**

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. In relation to this strategy document, a Fairness and Equality Impact Assessment has been undertaken. The FEIA has been undertaken in light of this strategy being an overarching financial strategy, rather than a policy decision relating to one specific initiative or service. Therefore, there are elements to the assessment that don't lend themselves to this particular strategy. It should also be noted that there is a clear link between this strategy and the Council's revenue budget setting process, with the ultimate impact of debt-funded capital expenditure being felt within the revenue budget. Therefore, any consultation required will have been undertaken as part of the revenue budget setting process. Also, specific schemes within the Capital Programme will have been subject to an FEIA, where relevant.

The main conclusions to be drawn from the FEIA undertaken is that there is a clear link between the long-term nature of the Capital Strategy and the sustainable development principle of the Wellbeing of Future Generations Act. This is evidenced through the focus on ensuring affordability, prudence and, most relevantly, sustainability. Therefore, there is potentially a positive impact from the perspective of the younger age groups. In the case of the other protected characteristics, it is not felt that there is a specific impact, however this may not necessarily be the case for the individual schemes within the programme, which should have been subject to separate FEIAs. However, there are a variety of schemes within the programme that will, collectively, have had a positive impact upon groups with protected characteristics such as disability, language preference and socio-economic background.

Consultation

Consultation was undertaken with senior management, as part of drafting the strategy, and Governance & Audit Committee, who, under the terms of the committee, were provided an opportunity to provide comment on the draft strategy.

Background Papers

Report on Treasury Management for the period to 30 September 2023
Capital Monitoring and Additions Report – November 2023

Dated: 21st February 2024

Appendix 1 – Detailed breakdown of the proposed Capital Programme (excluding borrowing headroom) (£000)

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
<u>Annual Sums:</u>						
<u>People, Policy & Transformation:</u>						
Asset Maintenance (including schools)	1,571	1,700	1,700	1,700	1,700	8,371
IT Replacement Schemes	289	202	150	150	150	940
<u>Prevention & Inclusion:</u>						
Disabled Facilities Grants	1,153	1,000	1,000	1,000	1,000	5,153
Safety at Home	283	300	300	300	300	1,483
<u>Social Services:</u>						
Disabled Equipment (GWICES)	165	165	165	165	165	825
Telecare	62	30	30	30	30	182
<u>Infrastructure:</u>						
Fleet Replacement	2,663	2,141	2,141	2,141	2,141	11,227
Highways Asset Maintenance	1,932	1,000	1,000	1,000	1,000	5,932
Annual Sums Total	**8,118**	**6,538**	**6,486**	**6,486**	**6,486**	**34,114**
<u>Ongoing and Previously Approved Schemes:</u>						
<u>Education:</u>						
Sustainable Communities for Learning - Band B	15,373	9,185	1,939	0	0	26,496
Welsh Medium Primary School (Pillgwenlly / Nant Gwenlli)	1,286	2,659	0	0	0	3,944
Pentrepoeth Primary School Accessibility Works	8	0	0	0	0	8
St Mary's Primary School	4,759	0	0	0	0	4,759
Education Maintenance Grant 2020/21	558	0	0	0	0	558
Education Maintenance Grant 2022/23	372	0	0	0	0	372
Capital Maintenance and Energy Works across the school estate	350	0	0	0	0	350
Education Accessibility Works - Phase 2	609	0	0	0	0	609

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Millbrook Primary School Demolition	550	0	0	0	0	550
Ysgol Gwent Is Coed Sports Hall	3,284	0	0	0	0	3,284
Education Total	**27,149**	**11,843**	**1,939**	**0**	**0**	**40,931**
<u>Environment & Public Protection:</u>						
Refit	226	0	0	0	0	226
Local Places for Nature	467	0	0	0	0	467
Parks Improvements	635	0	0	0	0	635
Cemeteries Improvements	275	0	0	0	0	275
Community Building Decarbonisation	250	0	0	0	0	250
Mon & Brecon Canal Works (SPF scheme)	994	0	0	0	0	994
Tredegar Park (SPF scheme)	1,665	0	0	0	0	1,665
Environment & Public Protection Total	**4,512**	**0**	**0**	**0**	**0**	**4,512**
<u>Housing & Communities:</u>						
Food Resilience Programme (SPF scheme)	60	0	0	0	0	60
Housing & Communities Total	**60**	**0**	**0**	**0**	**0**	**60**
<u>Infrastructure:</u>						
Carnegie Court Emergency River Works	19	0	0	0	0	19
Placemaking Capital Projects (Hostile Vehicle Mitigation)	962	0	0	0	0	962
Herbert Road Highway Works	88	0	0	0	0	88
Infrastructure Total	**1,070**	**0**	**0**	**0**	**0**	**1,070**
<u>People, Policy & Transformation:</u>						
Central Library Structural Works	490	0	0	0	0	490
People, Policy & Transformation Total	**490**	**0**	**0**	**0**	**0**	**490**

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
<u>Regeneration & Economic Development:</u>						
Cardiff Capital Region City Deal – NCC Contribution	1,238	1,294	978	0	1,078	4,588
Mill Street Loan	261	0	0	0	0	261
Clarence House Loan	202	0	0	0	0	202
Transforming Towns	332	0	0	0	0	332
Transporter Bridge	5,651	0	0	0	0	5,651
Placemaking Capital Projects (Lighting Strategy)	500	0	0	0	0	500
New Leisure Centre	12,458	4,086	0	0	0	16,543
Newport Museum & Art Gallery	39	0	0	0	0	39
Regeneration SPF Schemes	4,093	0	0	0	0	4,093
Regeneration & Economic Development Total	**24,774**	**5,380**	**978**	**0**	**0**	**32,210**
<u>Social Services:</u>						
Cambridge House	681	0	0	0	0	681
Social Services Total	**681**	**0**	**0**	**0**	**0**	**681**
Total Capital Programme	**66,854**	**23,761**	**9,403**	**6,486**	**7,564**	**114,067**

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
<u>Financed by:</u>						
General Capital Grant	4,286	4,286	4,286	4,286	4,286	21,430
Supported Borrowing	4,173	4,173	22	0	0	8,368
Unsupported Borrowing	11,166	1,850	978	0	1,078	15,072
External Grants	35,219	9,189	650	0	0	45,058
S106	701	2,062	0	0	0	2,763

	Budget 2024/25 (including slippage)	Indicative Budget 2025/26	Indicative Budget 2026/27	Indicative Budget 2027/28	Indicative Budget 2028/29	Total
Other Contribution	276	0	0	0	0	276
Capital Receipts	2,461	0	0	0	0	2,461
Revenue Contribution	2,242	2,200	2,200	2,200	2,200	11,042
Reserves	6,329	0	1,267	0	0	7,596
Total Capital Programme Financing	**66,854**	**23,761**	**9,403**	**6,486**	**7,564**	**114,067**

NEWPORT CITY COUNCIL
CAPITAL STRATEGY
2024/25 TO 2033/34

CONTENTS

EXECUTIVE SUMMARY

This Capital Strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and a summary of the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and local policy framework, summarised in this report.

The report highlights that expenditure on capital needs to remain within affordable, prudent and sustainable limits. Demand for capital resources remains high and therefore, inevitably, prioritisation of projects, leveraging in other sources of funding and working with partners are required to address this.

The strategy highlights the key risks and recommendations:

- The Council's new rolling capital programme, a large proportion of which relates to ongoing and previously approved schemes, requires a substantial amount of borrowing to 2025/26, in particular. Whilst this is affordable, due to the required revenue budget being in place, it is necessary to exercise caution in introducing new borrowing capacity thereafter, especially given the current economic climate and pressures upon the Council's revenue budget.

- The Council's Medium Term Financial Plan does not reflect any provision for new borrowing over and above that already funded within the existing revenue budget, plus new capacity proposed for 2024/25. Therefore, any further new borrowing capacity, which is indicatively included in the Capital Programme from 2027/28, needs to be afforded from within the existing capital financing budget. This position will be kept under review as certainty regarding the medium-term outlook increases.

- As per the agreed framework (detailed in the report), the programme needs to be maintained within the agreed limits and not result in a medium-term increase in the Capital Financing Requirement. This is to be achieved by limiting new borrowing capacity to that affordable from within existing revenue resources. Any required increase in the level of capital expenditure to be specifically funded by borrowing would need approval by full Council.

- Due to the pressure for additional capital resources, partly driven by the need for investment in existing assets (e.g. buildings and highways), there is a requirement to supplement the capital headroom with one-off resources, wherever possible. To achieve this, consideration should be given to using any revenue underspends over the medium term for increasing the capital headroom, as well as a focussing on generating additional capital receipts, via the Council's Asset Programme.

- The pressure upon the Capital Programme and the historic challenges in relation to programme delivery and slippage, necessitates the need for clear, robust, governance structures around the programme. This requirement has been addressed by the introduction of the Capital Assurance Group, which is responsible for holding Heads of Service and their project managers to account for capital project delivery, as well as acting as a gateway for all new capital bids.

- The prudential indicators, including borrowing limits, are in line with the Council's agreed Medium Term Financial Plan.

The strategy will be reviewed and updated on an annual basis alongside the Treasury Management Strategy.

OVERVIEW OF THE STRATEGY

1.1. INTRODUCTION

Capital expenditure can be defined as expenditure on assets, such as property or vehicles, that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to acquire assets. It is the Council's policy not to treat any expenditure under £10,000 as capital, and therefore anything under this value will be charged as revenue in the year of expenditure.

The Prudential Code for Capital Finance in Local Authorities (2017) placed a requirement on local authorities to determine a Capital Strategy, in order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives, and properly takes account of stewardship, value for money, prudence, sustainability and affordability.

This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.

The report sets out:

- The key objectives outlined in the Prudential Code and the governance arrangements for the Capital Strategy and programme, including the move towards a rolling approach to programme development and management (Section 2)

- The proposed capital programme to 2028/29, its financing, and the revenue implications arising from demands on capital expenditure (Section 3)

- The long-term (10 year) projection for the capital financing costs of the Council and where future demands arise from the various strategic plans across the Council for further capital resources. (Section 4)

- Links between the Capital Strategy and Treasury Management strategy, and treasury decision making. (Section 5)

- The commercial activity of the Council and the strategy going forward. (Section 6)

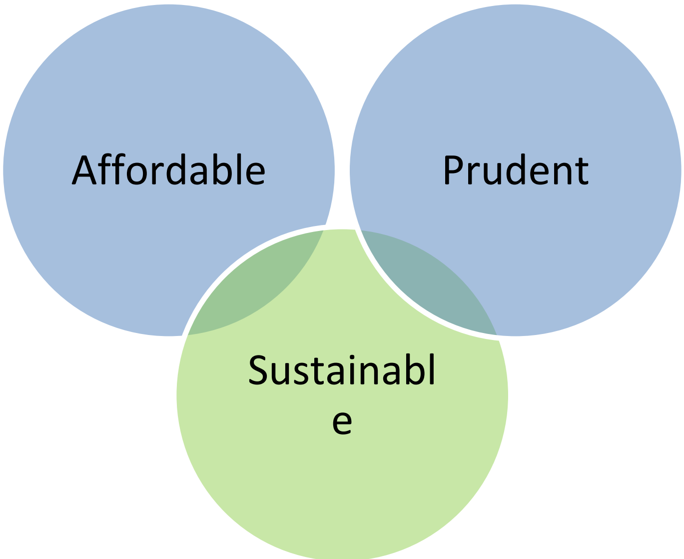
- Overview of other long-term liabilities the Council has, which members need to be aware of when looking at the Capital Strategy. (Section 7)

- Summary of the skills and knowledge the Council holds in order for it to carry out its duties for capital and treasury matters. (Section 8)

2. PRUDENTIAL CODE & GOVERNANCE

2.1. PRUDENTIAL CODE – KEY OBJECTIVES

The objective of the Prudential Code is to ensure, within a clear framework, that the Council's capital expenditure is affordable and prudent. In terms of both affordability and prudence, it is important that sustainability is considered and can be demonstrated;



AFFORDABLE

It is important that the Council's capital investment remains within **sustainable** limits. The Code requires authorities to consider the resources currently available to them and those estimated to be available in the future, together with the totality of the capital plans and income and expenditure forecasts. As well as capital expenditure plans, authorities should consider the cost of past borrowing, ongoing and future maintenance requirements, planned asset disposals and the MRP policy, which all impact upon affordability.

PRUDENT

The Council must ensure that its capital and investment plans are prudent and **sustainable**. As required by the Code, consideration should be given to the arrangements for the repayment of debt and the risk and impact on overall financial **sustainability**. The operational boundary for external debt should align with capital expenditure plans and provide for the most likely, not worse case, scenario. The authorised limit should provide sufficient borrowing headroom to enable day to day cash management. It is important that there is alignment with the treasury management policy statement and practices, and that risk management and analysis is taken into account. Borrowing in advance of need should only be undertaken where appropriate and affordable, and treasury management activities should find a balance between security, liquidity and yield reflecting the Council's risk appetite, but not prioritising yield over security and liquidity.

SUSTAINABLE

As highlighted above, the Council has to ensure sustainability when considering both affordability and prudence. In line with the long-term impact of decisions made in relation to capital investment plans, sustainability is considered over a minimum 10-year period.

In addition, the Council ensures that treasury management decisions are taken in accordance with good professional practice and with the full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the organisation. As part of this, all local authorities are required to have regard to CIPFA's Prudential Code and Treasury Management Code when setting their strategies for the coming financial year.

2.2. GOVERNANCE FOR APPROVAL AND MONITORING OF CAPITAL EXPENDITURE

Member responsibility for strategic finance rests with the Cabinet Member for Economic Growth and Strategic Investment, currently the Leader of the Council. The main governance and approval process for capital expenditure is summarised as follows:

- Council approves the overall revenue and capital budgets following recommendations from the Cabinet. As part of this, Council approves the external borrowing limits, which place a cap on the level of borrowing the Council can undertake during the year. These limits are based around the level of unfunded capital expenditure, including uncommitted expenditure, within the capital programme. The limits will not include expenditure on any schemes where borrowing is required, but which finance themselves through the savings generated. These limits are a key performance indicator for treasury management and ensure that capital expenditure is limited and borrowing remains affordable. Any changes required to the borrowing limits must be approved by full Council.
- Council approves the Treasury Management Strategy, which is intrinsically linked to capital expenditure and the Capital Strategy. Further details of this are provided in section 5.
- The detailed capital programme, contained within the overall budget, is approved by Cabinet following individual project appraisals by officers, which include the views of the Head of Finance and the Capital Assurance Group.
- Items of capital nature are discussed at the Strategic Asset Management Group (SAMG), which is made up of senior officers from all service areas and the Council's property advisors, Newport Norse. Discussions centre on the asset management agenda and asset disposals. Other boards with capital considerations include the Education Service Capital Board.
- The Capital Assurance Group maintains oversight of the overall programme and holds individual services to account for the delivery of their schemes. In addition, the group acts as a gateway for all new capital bids, prior to formal approval being sought from Cabinet.
- Cabinet approves any new capital expenditure to be added to the capital programme, including that funded from external resources, such as specific grants. This will follow an initial review by the Capital Assurance Group of any new bids or requests for capital resources. Cabinet also approves any utilisation of the Council's capital headroom.
- Monitoring of Capital Expenditure is reported to Cabinet, including updates on capital receipts and the impact on the revenue budget of decisions made. Cabinet also approves the transfer of slippage from one financial year to the next.

Affordability and sustainability are key considerations when approving capital expenditure, and therefore the agreed framework detailed in section 3.1 is used. Included within Appendix 2a is the process map used for the approval of capital expenditure.

3. CAPITAL EXPENDITURE AND FINANCING

3.1. CURRENT CAPITAL PROGRAMME

The current capital programme covers the five-year period between 2023/24 and 2027/28. As previously agreed, the Council now has a rolling approach to programme development and, therefore, the new iteration of the programme will cover a new five-year period between 2024/25 and 2028/29. Because of the rolling approach, it means that certain schemes or allocations will be shown as indicative only, until the point at which the full funding is in place for the expenditure planned in that respective year (in the case of debt-funded expenditure, this would require the requisite capital financing budget to be in place).

Given the financial constraints that the Council has faced in recent years, and continues to face, Cabinet and Council established a framework for managing the programme, aimed at maximising capital expenditure but keeping new borrowing at a level that could be afforded within a sustainable revenue budget and, in doing so, not adding unnecessary pressure to the medium-term outlook. This framework is as follows:

a. Funding from sources other than borrowing needs to be maximised; for example, 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.

This framework ensures that the programme can be maximised but those schemes which cannot fund any resulting borrowing costs can be afforded and maximised within any capital headroom available. This available headroom is made up of residual borrowing headroom agreed within the previous programme and identified uncommitted capital reserves and capital receipts. It will now be supplemented by the new borrowing capacity agreed by Cabinet in their meeting in February 2024. The proposed programme also indicatively includes new borrowing headroom from 2027/28 onwards, however this will not form part of the headroom until it is possible to formally approve this, once there is greater certainty regarding its affordability.

Because further new headroom is not likely to be introduced until nearer the end of the five-year window, the proposed programme, in the first few years at least, will be made up of recurring annual sums, ongoing schemes and those schemes previously approved and funded, but not yet started. Any new schemes required will need to be financed in line with the above framework, or via the capital headroom. The current level of headroom is still relatively limited and, as a consequence, it will be necessary to top-up the capital headroom whenever possible, using one-off resources. These one-off resources may include repurposing of existing earmarked reserves, future capital receipts and any underspends against the overall revenue budget.

The proposed new capital programme is summarised in the table below. For 2024/25, the programme contains approved capital schemes of £66.9m, and the overall programme to 2028/29, including uncommitted borrowing, is £136.1m. This total figure includes £8.1m of uncommitted borrowing headroom which is formally part of the capital headroom, plus £14m of indicative new borrowing headroom from 2027/28.

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

	5-YEAR CAPITAL PROGRAMME					Total programme
	2024/25 Budget £m	**2025/26 Indicative £m**	**2026/27 Indicative £m**	**2027/28 Indicative £m**	**2028/29 Indicative £m**	**£m**
Annual Sums	8.1	6.5	6.5	6.5	6.5	**34.1**
Ongoing Schemes	58.7	17.2	2.9	0.0	1.1	**80.0**
Uncommitted borrowing*	8.1	0.0	0.0	7.0	7.0	**22.1**
TOTAL EXPENDITURE	**74.9**	**23.8**	**9.4**	**13.5**	**14.6**	**136.1**

** Uncommitted borrowing headroom to be invested in Council assets or regeneration.*

The proposed capital programme, including previously approved schemes, is large and leads to a sizeable increase in the Capital Financing Requirement (CFR) over the medium term. As a result, there is a consequential increase in capital financing costs. As part of the overall 2021/22 Council budget, a £2.1m investment in the capital financing budget was made in order to provide for the revenue costs arising from the full capital programme. In addition, a further £595k has been added to the capital financing budget for 2024/25, to provide an additional £7m of borrowing headroom. By committing these resources in advance, it means that no additional investment is required over the medium term to meet these costs. In addition, current indications suggest that the capital financing budget over the medium term would be sufficient to enable new borrowing capacity to be introduced towards the end of the five-year window.

As well as providing the necessary coverage for the capital financing costs arising from previously agreed schemes, the forward funding of the capital financing budget has also provided an underspend in recent years. This has been used to offset other service area pressures, but has also contributed to opportunities to bolster the capital headroom. Should there be further slippage over the coming years, it may be possible to add to the headroom further, but this could also present opportunities to accelerate the repayment of historic unfunded capital expenditure, through Voluntary Revenue Provision, which would reduce the ongoing MRP cost by reducing the overall CFR.

In terms of funding, the WG General Fund Capital Grant in 2024/25 has been provisionally set at £4.286m, which is a marginal increase on the figure from 2023/24. This grant is used to fund the Council's annual sums allocations, which covers activities such as asset maintenance and fleet renewal.

The overall programme contains a number of key capital schemes, some of which will continue beyond the forthcoming 2024/25 financial year. These include:

- Sustainable Communities for Learning Band B Programme
- Transporter Bridge renovation
- Cardiff Capital Region City Deal (CCRCD)
- New Leisure & Wellbeing provision

There may be other requirements for capital funding for schemes that are not yet contained within the overall programme. Any new schemes that arise during the year will either need to be funded via specific funding sources (e.g. external grant) or will represent a call upon the headroom available. It is important that capital expenditure remains at an affordable level within the framework agreed and, therefore, prioritisation of capital expenditure is essential so that only the most critical schemes are taken forward.

Regular reviews of previously approved schemes, not yet started, will be undertaken to ensure that they remain affordable. This is especially relevant in the climate of recent high construction inflation and where capital expenditure is to be funded via borrowing, as there is a risk that the existing revenue budget may be insufficient. It will be expected that all necessary steps will be taken to ensure that existing budgets can be kept within, including reducing scope, seeking alternative funding sources and mitigating within a wider programme. As a last resort, consideration as to whether a scheme can still proceed will be required.

3.2. MEDIUM-TERM REVENUE IMPLICATIONS OF CAPITAL (CAPITAL FINANCING)

All capital expenditure must be financed, either from external sources, the Council's own available resources or debt (borrowing, leasing and Private Finance Initiative). All debt has to be repaid and this includes both the actual debt principal plus interest costs. The planned financing of the expenditure shown in Table 1 is as follows:

Table 2: Capital financing in £ millions

	NEW 5-YEAR CAPITAL PROGRAMME					Total new programme £m
	2024/25 Budget £m	2025/26 Indicative £m	2026/27 Indicative £m	2027/28 Indicative £m	2028/29 Indicative £m	
TOTAL EXPENDITURE	**74.9**	**23.8**	**9.4**	**13.5**	**14.6**	**136.1**
Financed by:						
Committed Grants and contributions	40.5	15.5	4.9	4.3	4.3	**69.5**
Committed Reserves, capital receipts, revenue	11.0	2.2	3.5	2.2	2.2	**21.1**
Committed new borrowing	15.3	6.0	1.0	0.0	1.1	**23.5**
TOTAL COMMITTED (Appendix 1)	**66.9**	**23.8**	**9.4**	**6.5**	**7.6**	**114.1**
Uncommitted borrowing	8.1	0.0	0.0	7.0	7.0	**22.1**
TOTAL FINANCING	**74.9**	**23.8**	**9.4**	**13.5**	**14.6**	**136.1**

As outlined previously, when capital expenditure is initially financed by debt/borrowing, the Council is locked into a long-term revenue commitment to finance that expenditure over time. This financing is done via a mechanism known as the Minimum Revenue Provision (MRP). The available budget for MRP payments over the medium term (excluding PFI and leases and including where service areas are making contributions towards the capital financing costs of invest to save schemes) are as follows:

Table 3: Replacement of debt finance (MRP) in £ millions

	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
MRP budget*	10.3	11.1	11.1	11.1	11.1

**It should be noted that the MRP budget has been temporarily used in both 2023/24 and 2024/25 to supplement annual sums allocations, however the budget will be returned to its full value by 2025/26. In addition, there are planned transfers of budget from service area budgets to the MRP budget, in relation to the Council's new Leisure and Wellbeing provision.*

The Council's full MRP Policy is available within the Treasury Management Strategy, which will be approved alongside this Capital Strategy.

Although capital expenditure is not charged directly to the revenue budget, as discussed above, interest payable on loans and MRP (the "financing costs") are charged to revenue. The table below shows the financing costs as a percentage of the Council's net budget, which is one of the required prudential indicators.

Table 4: Prudential Indicator: Proportion of financing costs to net revenue stream

	2024/25 budget	**2025/26 budget**	**2026/27 budget**
Financing costs* (£m)	24.0	24.9	25.1
Proportion of net revenue stream	6.0%	6.2%	6.2%

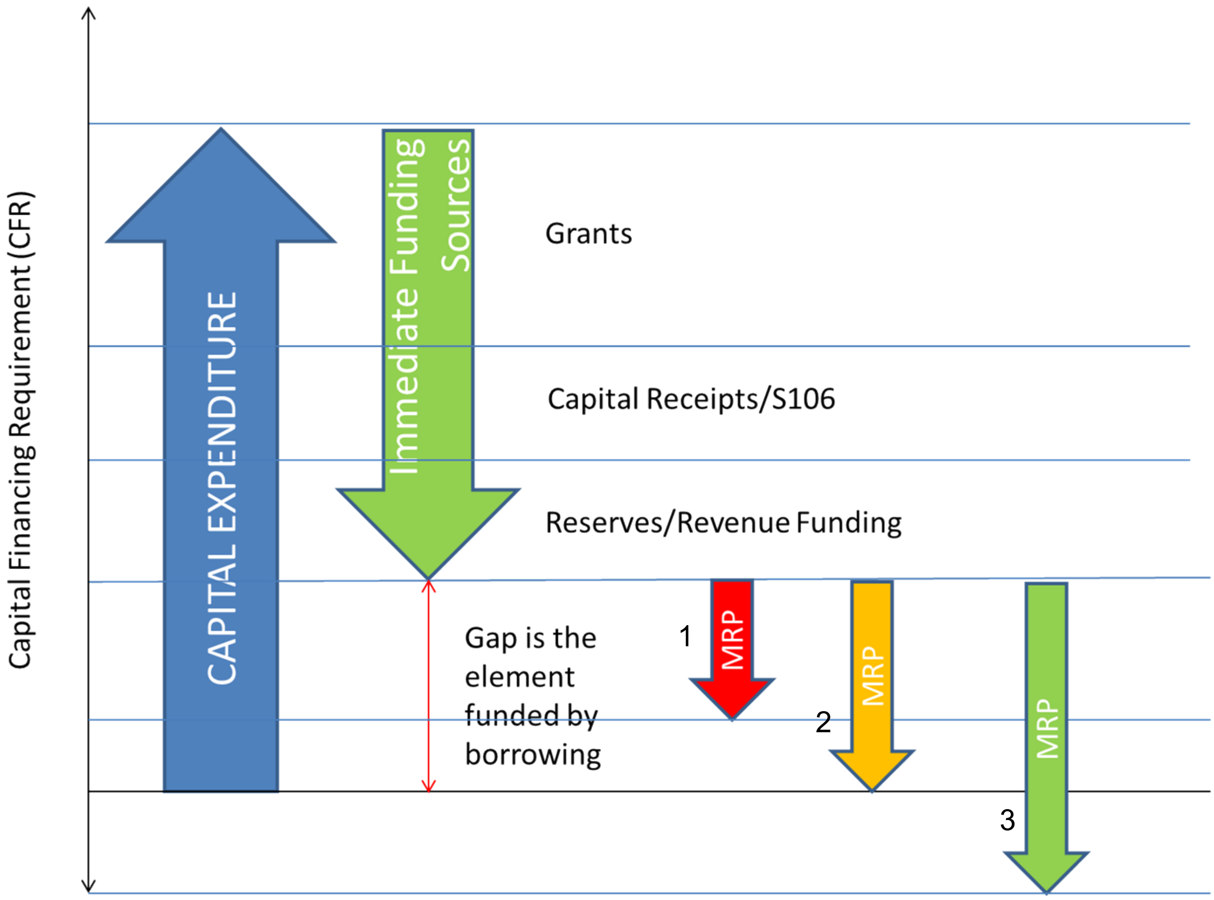
**includes capital financing costs of PFIs and leases*

From the table above it is evident that the proportion of the budget set aside to finance capital expenditure is set to stay broadly level over the medium-term. This is largely because the Council's current Medium Term Financial Plan is predicated on an assumption that public sector funding will broadly flatline over the forthcoming years. Any increases in funding, through assumed Council Tax increases predominantly, are anticipated to be matched, or exceeded, by the aforementioned planned increases in the capital financing budget.

- Information on the revenue implications of capital expenditure is also included in the 2024/25 revenue budget report.

Capital Financing Requirement (the underlying need to borrow)

The Council's cumulative outstanding amount of debt finance is measured by CFR. This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The diagram below shows the impact of capital expenditure, financing and MRP on the CFR:



The diagram above shows the following:

- CFR **increases** when capital expenditure is incurred.
- CFR **decreases** when capital expenditure is immediately financed - i.e., through grants, capital receipts, revenue funding, reserves, S106 income.
- If the MRP charge is **less than** the capital expenditure funded by borrowing in any given year (Red [1]) the net CFR increases
- If the MRP charge is **equal to** the capital expenditure funded by borrowing in any given year (Amber [2]) the net CFR stays the same
- If the MRP charge is **more than** the capital expenditure funded by borrowing in any given year (Green [3]) the net CFR decreases

This is an important concept, as it demonstrates how decisions on the level of capital expenditure and MRP budget impact upon the Council's long-term borrowing requirements and consequent capital financing implications. However, it is important to note that the CFR is only an indicator as to the need to undertake borrowing, with the actual need to borrow ultimately being driven by the overall short and long term cashflow requirements of the organisation.

The table below provides the medium-term outlook for the Council's CFR, inclusive of the impact of PFI arrangements. This is based on the proposed programme, including the indicative new borrowing allocations from 2027/28. As can be seen, the CFR is expected to increase by £7.8m by the end of 2023/24 and then a further £69.5m during 2024/25 to £350.6m, before reducing over the remaining years (it should be noted that the majority of this increase is due to technical accounting considerations arising from the adoption of IFRS16 Leases from 1st April 2024, especially in relation to PFIs). The anticipated position is higher than previous years, where the figure has generally stayed at around £273m, even after ignoring the impact of IFRS16.

This significant increase in capital expenditure, including that funded via other sources, will be a challenge to achieve, evidenced by the significant levels of slippage incurred during the 2021/22 and 2022/23 financial years. Therefore, it is important to recognise the likelihood that the actual CFR may turn out lower by the end of the 2023/24 financial year, in turn reducing the actual need to undertake external borrowing. This is a significant challenge for the Council, as it is important that ambitions for capital expenditure are not unrealistic, as this can result in unnecessarily committing resources towards the capital financing budget, which may result in other budget priorities not being able to be pursued.

Table 5: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31/03/23 Actual	31/03/24 Forecast	31/03/25 Budget	31/03/26 Indicative	31/03/27 Indicative	31/03/28 Indicative	31/03/29 Indicative
TOTAL CFR	**273.3**	**281.1**	**350.6**	**343.6**	**330.7**	**323.9**	**316.9**

With the introduction of the accounting requirements of IFRS 16 Leases, the CFR and debt identified as relating to leases has increased, due to the change in the way that finance leases for lessees are treated. The introduction of this new accounting standard had been deferred by CIPFA/LASAAC for a number of years, however it is now agreed that it will be introduced from 1st April 2024. Work has been undertaken across the Council, including schools, to gather the relevant information and fully understand the impact upon the Council. The figures contained within this strategy document reflect the estimated impact of this accounting regulation change, including the change in accounting required in relation to the Council's PFI arrangements.

Put simply, the greater the CFR, the larger the impact will be on the revenue budget, with that impact being exacerbated by an ongoing reduction in the availability of internal borrowing. Therefore, in the long-term, there will be a need to keep annual capital expenditure funded by borrowing at a level below the annual MRP budget in order to maintain the capital financing revenue budget at a broadly sustainable level.

4. LONG-TERM VIEW OF CAPITAL EXPENDITURE

Expenditure on capital assets/projects are often for assets which have a long-term life i.e. buildings may have an asset life in excess of 40 years. The financing of these assets could also be over a long-term period. Therefore, it is important to take a long-term view of capital expenditure plans and the impact that may have on the affordability and sustainability of capital expenditure. Once a decision has been made to initially fund capital expenditure from borrowing, the Council is locked into the revenue implications arising from that decision (i.e. the annual cost of MRP) for a long-term period.

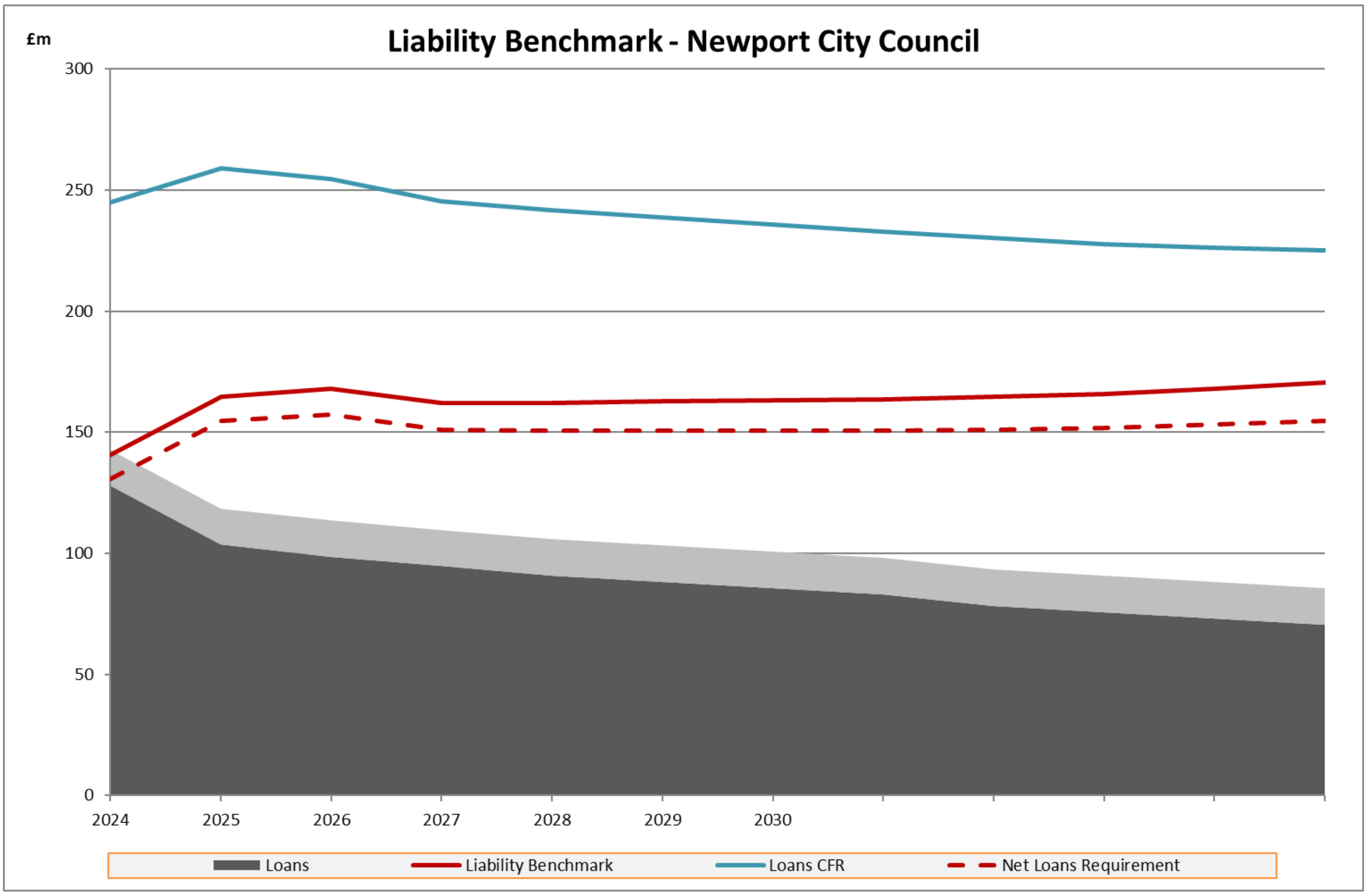
Due to the financial constraints that the Council continues to face, it is anticipated that revenue to fund capital financing will remain restricted over the long term. The capacity to use internal borrowing is also reducing, which means that the authority will face a challenge in relation to its medium to long term capital aspirations, particularly if there is a need or desire to incur a certain level of capital expenditure funded via borrowing. This comes at a time when the authority is facing challenges in relation to its existing asset base, in terms of maintenance backlogs, as well as demand pressures (e.g. increasing pupil numbers) adding to the need to invest in new and existing assets.

As already outlined, the scope for new borrowing over the medium to long term will be restricted to that that can be afforded from within the existing capital financing budget. The reason for this stance is to ensure that the CFR is stabilised and, ideally, reduced. If this was to be achieved, by ensuring that new capital expenditure funded by borrowing is less than the annual MRP charge, it would minimise the increase in associated capital financing costs and ensure that they remain affordable and sustainable. This is particularly relevant when considering the position outlined in the Medium Term Financial Plan and the competing financial pressures facing the Council.

The proposed programme includes indicative new borrowing of £7m in both 2027/28 and 2028/29. In addition, to assist with exemplifying the potential impact over the medium to long term, further annual £7m allocations of new borrowing have been modelled beyond 2028/29. It is important to note that the Council will be required to make further CCRCD contributions beyond the current programme. These contributions have been previously agreed and, therefore, represent an unavoidable commitment and the first call upon any new headroom.

The impact of this modelling is outlined in the chart below, in terms of the overall level of the CFR and the actual requirement to undertake external borrowing.

Chart 1 – Liability Benchmark - £7m additional borrowing per year from 2027/28



Charts 1, known as the Liability Benchmark, demonstrates the following, in terms of the impact of the proposed capital programme and the modelled scenario:

- The impact the current capital programme has in terms of the increasing CFR and consequent need for external borrowing, denoted by the steepness of the solid and dashed red lines over the first few years.

- A stabilisation, and then reduction, in the overall level of CFR, as shown by the trajectory of the solid blue line.
- A longer-term stabilisation of the need to undertake actual external borrowing, as shown by the trajectory of the dashed red line.
- The impact of the reducing capacity for internal borrowing, demonstrated by the convergence of the red and blue lines over the course of the 10-year period.
- The fact that a level of existing borrowing is scheduled for repayment (denoted by the shaded grey area) over the medium to long term, although the underlying need to borrow actually grows during that time, meaning that the repaid borrowing will need to be replenished.

The modelled scenario demonstrates that it would be possible to stabilise the CFR and actual need to borrow over the medium to long term, whilst introducing new borrowing capacity at £7m per year from 2027/28. This is critical if the increase in consequent capital financing costs is to be minimised and remain at a level which is prudent, affordable and sustainable over the medium term. However, as the following paragraphs and Chart 2 demonstrate, there are other factors which also impact upon the overall level of capital financing costs incurred.

Chart 2 – Capital Financing Cost Forecast

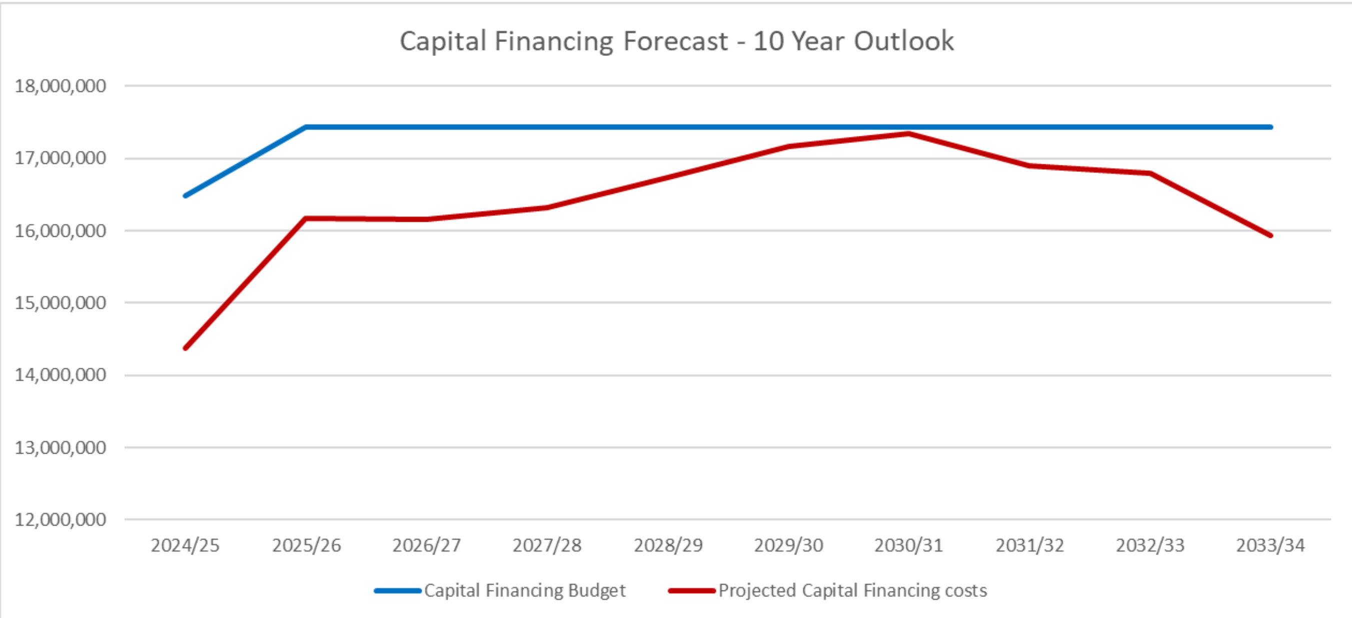


Chart 2 shows the projected capital financing costs over the next 10 years, inclusive of the indicative £7m new borrowing per year from 2027/28. The initial increase is driven by the capital programme that is proposed, resulting in a significant spike in capital financing costs to 2025/26. There is then a more gradual increase in costs, in line with debt-funded capital expenditure in each year being less from 2026/27 onwards. The drop-off in costs from 2030/31 is due to the fallout of MRP charges for historic schemes that will be fully paid off by that point. The budget line included in the graph is based on the existing and planned revenue budget. As can be seen, the peak of the projected costs would consume the full budget, however there could be a period before then whereby there is an underspend, which could be used to supplement the capital headroom or fund VRP, which would reduce the CFR and ongoing MRP charges.

Whilst it is seemingly positive that the existing budget can facilitate new borrowing capacity, it is important to note the risks that the revenue budget could be insufficient, should, for example, interest rates increase or the Council's internal borrowing capacity diminish more quickly than anticipated. What this means, in effect, is that additional external borrowing will need to be undertaken to replace the internal borrowing, just to maintain the status quo. The impact of this is that additional interest costs will be incurred and these will be borne by the capital financing budget. In the case of MRP, the annuity methodology for unsupported borrowing that the Council has adopted means that MRP charges are lower in earlier years and increase as assets move through their useful life. Therefore, there will be an annual increase in MRP charges, and consequent impact upon the revenue budget, even if no additional unfunded capital expenditure was undertaken.

It should be noted that the scenario above is for modelling purposes only, with assumptions included on the deliverability of the programme. In saying that, it is a good representation of the financial impact on Council finances given the potential levels of capital spend funded from borrowing.

The actual position will of course be impacted by a number of factors that will ultimately determine the level of borrowing and associated capital financing costs. These factors include:

(i) availability of capital grant funding from Welsh Government and other bodies, (i.e. will there be the capacity or need to include those levels of capital expenditure funded by borrowing?)
(ii) the delivery of capital receipts (i.e. as above)
(iii) the utilisation and overall level of earmarked reserves (i.e. as above)
(iv) the general level of slippage within the capital programme (i.e. will the Council spend at the rates modelled)

Sustainability and Ongoing Capital Programme Development

As already outlined, the long-term nature of the impacts arising from short to medium term capital expenditure and financing need to be understood in terms of its prudence, affordability and sustainability. The Head of Finance is satisfied that the current programme meets this key requirement, evidenced by the fact that the revenue implications are already fully funded. However, the key challenge facing the Council, in relation to capital, is the continuing pressure relating to the existing estate, in terms of maintenance backlogs and ensuring no expensive asset failures occur. The current annual sums allocations are not as high as would be ideal, despite having recently been increased, meaning that it can be challenging enough to maintain the status quo in terms of backlogs, before considering reducing them. In addition, there is the potential for demand for new schemes to emerge over the medium term, especially in relation to pupil number increases, for example.

On the basis that the current Medium Term Financial Plan is not balanced, there would appear to be little scope to increase capital resourcing by way of external borrowing in the short term, as the revenue budget would not be able to cater for the increased MRP and interest costs. The MTFP challenge is likely to be especially acute between 2024/25 and 2026/27. Whether or not the challenge will ease beyond those years will largely depend upon the rates of inflation being experienced, the demand for services and the position in relation to core funding via UK and Welsh governments, especially with a general election on the horizon. Therefore, it is a positive position that the Council could potentially be able to commit to new borrowing headroom in future years, without the need to increase the capital financing budget. However, this is reliant upon core assumptions, such as interest rates and the rate of earmarked reserve usage, not adversely changing. It is also inherently dependent upon the Medium Term Financial Plan and whether there is a need to identify savings from all budgets in order to balance the Council's overall budget.

This potential scope for new borrowing will be of great benefit to the Council in that it would assist with addressing a number of likely capital pressures, whether new pressures or increases in existing pressures.

However, clear prioritisation of schemes will still be required, in order to ensure that the limited resources available are used for only the most critical issues.

In light of this challenge, it is important that the authority understands the key drivers and risks associated with delivering an annually refreshed capital programme. These drivers are captured through various plans across the authority and are outlined in the diagram that follows. These plans will be subject to ongoing revision and it will be necessary for the authority to develop its understanding of the cost of key priorities arising from each plan, to inform what will potentially be a constrained programme in terms of the overall financial envelope.

There will be a range of priorities originating from these plans, particularly the Corporate Plan. As well as the priorities contained within the Corporate Plan, there is the aforementioned requirement to maintain the current asset base. This is something that has been severely impacted by constrained funding levels in previous years and has resulted in the maintenance backlog developing, which gives rise to the potential for major asset failures to occur where issues have developed over time. There is a particular risk surrounding highways and school buildings, although there are other asset bases that hold maintenance backlogs as well.

Therefore, whilst annual allocations are provided for asset maintenance, they are generally insufficient in value. The challenging revenue budget position does not provide an easy solution in increasing these allocations to a level that would, in the first instance, stop the backlogs from increasing. Because of this, it will be critical that opportunities to augment the annual sums, such as those outlined earlier in the strategy, are taken wherever possible. If it doesn't prove possible to increase the annual sums, they should, as a minimum, ensure the highest priority backlog issues are addressed, first and foremost. However, they would, in most cases, be insufficient to address any asset failures.

In addition to the annual sums, other approaches need to be pursued in order to reduce the maintenance backlog. This would include the ongoing review of the asset base more generally and consideration to rationalising the number of assets, which forms part of the Transformation Plan. Rationalisation through the review programme could be achieved in a number of ways, such as closure or disposal of assets, asset transfers or schemes to refurbish/redevelop existing assets. Furthermore, it will be necessary to target external grant funding, such as Sustainable Communities for Learning funding, which will enable wholesale upgrade or replacement of existing assets, including those with significant maintenance backlogs.

Therefore, when developing future iterations of the capital programme, it will be necessary for decision-makers to ensure that the ongoing maintenance of existing assets is sufficiently addressed. However, there will be other priorities to be included within the programme at a point in the future, such as the need to address the climate emergency via a pursuit of carbon neutral assets, the next phase of WG's Sustainable Communities for Learning Programme and further regeneration schemes for the city. As already outlined, the pressure to support such initiatives will need to be carefully balanced against other competing priorities for revenue resources.

Although members will ultimately decide upon both the overall size of the new programme, and the schemes contained within it, it will be important that there continues to be appropriate governance surrounding the development of the programme. This will be especially important given the constrained funding outlook and the need to be absolutely clear as to where the highest priorities lie. To achieve this, the newly-constituted Capital Assurance Group will need to act as a gateway and ensure that only those schemes with a clear plan for delivery and where the necessary due diligence has been undertaken are recommended for addition to the programme. The group should also ensure that there is enhanced oversight and management of the programme on an ongoing basis and reduce the likelihood of slippage or grant funding being foregone in future years. As an outcome, a more realistic, deliverable and achievable programme should result.

5. TREASURY MANAGEMENT

The Treasury Management Strategy (detailed in Appendix 3) and Capital Strategy are inextricably linked, with both strategies being considered for approval by Council as part of the same meeting. The figures within the Treasury Management Strategy align with the level of borrowing resulting from this Capital Strategy. The Council will need to approve both the prudential indicators detailed below and the borrowing limits recommended.

5.1. TREASURY MANAGEMENT

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, whilst managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council limits the need to take out actual borrowing by using positive cashflow, largely underpinned by earmarked reserve balances, to fund capital expenditure funded by borrowing, known as internal borrowing.

As a result of decisions taken in the past, the Council as at 31st December 2023, has £140.6m borrowing at a weighted average interest rate of 3.7% and £47m treasury investments at a weighted average rate of 5.16%.

5.2. BORROWING STRATEGY

Whilst the current outlook is for the Council to have significant long-term borrowing requirements, the current strategy is to fund capital expenditure through reducing investments rather than undertaking new borrowing. To clarify, this means deferring new long-term borrowing and funding capital expenditure from day-to-day positive cashflows for as long as possible. By using this strategy, the Council can also minimise cash holding at a time when counterparty risk remains high.

Whilst investment counterparty risk is minimised through this strategy, the risk of interest rate exposure is increased, as the current longer term borrowing rates may rise in the future. However, long-term borrowing interest rates are broadly similar to short-term borrowing interest rates at present. Therefore, should there be a need to undertake borrowing at short notice, the current similarity in interest rates mitigates the risk to some extent and also ensures the Council is no worse off in the short term. The market position is being constantly monitored in order to manage this risk.

The Council's overall main objective when borrowing is to achieve a low but certain cost of finance, whilst retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (which have traditionally been available at a lower cost) and long-term fixed rate loans where the future cost is known but higher. In the current economic context, short-term borrowing is not much cheaper than long-term borrowing, however this may revert to a more typical scenario in the medium term. The current availability of positive cashflow has meant that the Council has not been required to undertake any significant short-term borrowing recently, although this can change at relatively short notice.

Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the CFR (which has been detailed in earlier sections). It should be noted that the estimated projected debt is broadly in line with the Operational Boundary, which acts as a borrowing limit for delivering the Capital Programme, as highlighted in the paragraphs that follow.

Table 6: 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)	169	177	214	215	206
Capital Financing Requirement	273	281	351	344	331

As outlined earlier, the forthcoming introduction of IFRS 16 Leases will result in the CFR and debt identified as relating to leases increasing significantly in future years. The estimated impact of this is reflected in the figures contained within this strategy.

Statutory guidance is that debt should remain below the CFR, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

Operational Boundary: The Council is obliged to approve an operational borrowing limit. This boundary has been set in line with the expected borrowing required to finance the current Capital Programme until 2028/29, taking account of likely levels of internal borrowing and the indicative new borrowing previously outlined. If any increase to the operational boundary is required, this will need to be brought to Council for approval.

Authorised Limit: The Council is legally obliged to approve an affordable borrowing limit for external debt each year. This is the absolute limit for external borrowing and is set in line with the CFR. The authorised limit is greater than the Operational Boundary and provides a buffer for managing day to day cash requirements and undertaking borrowing in advance of need, where appropriate and affordable.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2023/24 limit	**2024/25 limit**	**2025/26 limit**	**2026/27 limit**
Authorised limit – borrowing	246	259	254	245
Authorised limit – PFI and leases	39	92	89	86
Authorised limit – total external debt	**285**	**351**	**344**	**331**
Operational boundary – borrowing	150	165	168	161
Operational boundary – PFI and leases	39	92	89	86
Operational boundary – total external debt	**189**	**257**	**257**	**247**

Whilst the above indicators place a theoretical limit upon the level of borrowing that a council can undertake, they do not, for example, make an allowance for any amount of slippage that may be incurred whilst delivering the Capital Programme, which is likely with such a large programme to deliver. Therefore, to ensure that the level of expenditure to be funded via borrowing is controlled, a local indicator exists which restricts any unfunded expenditure being added to the existing Capital Programme over and above the headroom that is already in place. This indicator is in line with Table 1 of this report and limits additional borrowing for new capital expenditure to £8.057m (to potentially be applied to any year within the programme but shown in 2024/25 for exemplification purposes). Should borrowing above this limit be required, it will need to be approved by full Council.

Table 8: Local Prudential Indicator: New capital expenditure to be funded via borrowing (£m)

	2024/25 limit	**2025/26 limit**	**2026/27 limit**
Borrowing headroom	8.1	0	0

5.3. INVESTMENT STRATEGY

Treasury investments arise from receiving, and then holding, cash before there is a need to pay it out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management. The Council's strategies in this area of Treasury Management are (i) to be a short term and relatively low value investor and (ii) investment priorities should follow the priorities of security, liquidity and yield, in that order.

Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Currently, the Council is holding a £10m long-term investment in covered bonds, in order to secure its professional client status as part of the MIFID II directive.

Table 9: Treasury management investments in £millions

	31.3.2024 Forecast	**31.3.2025 Budget**	**31.3.2026 Budget**	**31.3.2027 Budget**	**31.3.2028 Budget**	**31.3.2029 Budget**
Near-term investments	0	0	0	0	0	0
Longer-term investments	10	10	10	10	10	10
TOTAL	**10**	**10**	**10**	**10**	**10**	**10**

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and relevant staff, who must act in line with the Treasury Management Strategy approved by Council. Half-year and end of year reports on treasury management activity are presented Council, with an update on compliance with prudential indicators reported quarterly. The Governance & Audit Committee is responsible for scrutinising treasury management decisions.

Loans to other organisations

The Council can and does make investments to assist local public services, including making loans to businesses to promote economic growth. The Council will assess these opportunities and will only plan that such investments at least break even after all costs. Loans to such organisations will be approved following a due diligence process and formal governance arrangements.

The Council will also use other methods of assisting businesses to promote economic regeneration by providing grants or by allowing rent free periods where the Council is the owner of the freehold.

Decisions on service investments are made by the relevant service manager in consultation with the Head of Finance and Monitoring Officer and must meet the criteria and limits laid down in the investment strategy.

6. <u>COMMERCIALISATION</u>

The 2019/20 Capital Strategy contained details of the Council's Commercialisation Strategy, which was agreed by Council during 2019. A feature of this commercial approach was to explore three areas of activity, all aimed at increasing income generation and contributing towards addressing the medium-term budget gap faced by the Council. The three areas of activity were:

1) Current services that could be provided on a more commercial basis - e.g. trade waste
2) New services that could be provided - e.g. energy services
3) Property investment – commercial and residential

As outlined in the 2022/23 strategy, the third element of this approach would entail, in essence, investment primarily for the purpose of yield. This type of activity is now precluded by the Public Works Loans Board no longer lending to local authorities for this purpose and the updated Prudential Code prevented investment funded by borrowing solely for the purpose of yield. Combined with the financial constraints currently being faced, and new borrowing not currently being considered affordable in the short term, this area of the Commercialisation Strategy is no longer being pursued. The first two elements of the strategy are still areas that the Council will consider and potentially pursue, subject to affordability, risk acceptability and the ability to contribute towards the medium-term financial challenges.

7. OTHER LONG-TERM LIABILITIES

In addition to debt of £140.6m outlined above, the Council has a number of other long-term liabilities, which represent potential future calls on Council resources, as follows:

Private Finance Initiative (PFI)

The Council has two PFI arrangements. These are for the provision of the Southern Distributor Road (20 years remaining) and for Glan Usk Primary School (10 years remaining). As at 31st March 2023, the combined value of the liabilities was £38.4m. The Council holds base budget and specific earmarked reserves to cover the future costs of the PFIs.

Pension Liability

The Council is committed to making future payments to cover its pension fund deficit (valued at £96.1m) as at 31st March 2023.

Provisions

The Council has set aside long-term provisions for risks in relation to landfill capping and aftercare, for example.

Contingent Liabilities

The Council also has a number of contingent liabilities, which may or may not ultimately materialise as a call on Council resources. These liabilities are detailed in the annual Statement of Accounts and include potential insurance claims and risks attached to loans extended to external developers. As well as this, the Council has also entered into a number of financial guarantees to act as a guarantor, in particular for the safeguarding of former employee pension rights when their employment is transferred to third party organisations.

8. KNOWLEDGE AND SKILLS

In-house expertise

The overall Capital Programme, Capital Strategy and Treasury Management Strategy are overviewed by the Head of Finance and Assistant Head of Finance, who are both professionally qualified accountants with extensive Local Government finance experience between them. There is a Capital Accounting team consisting of experienced qualified and part-qualified accountants who maintain Continuous Professional Development and attend courses on an ongoing basis to keep abreast of new developments and obtain relevant skills. In addition, there is a Treasury Management team who manage the day-to-day cash-flow activities and banking arrangements of the authority. Members of this team, again, attend the necessary courses and training and have an extensive amount of experience.

External expertise

All of the Council's main capital projects are overseen by project teams comprising the relevant professional disciplines from across the Council. When required, external professional advice is taken, primarily from the Council's property advisors, Newport Norse. The Council also engages with external treasury advisors for advice in relation to treasury management matters.

Members

Training is offered to members to ensure they have up to date skills to make capital and treasury decisions. Training has been provided as recently as December 2023. A register is also kept on member attendance. The Council also involves members at an early stage of a project's life cycle. In addition, the members of the Governance & Audit Committee have received specific treasury management training, delivered by the Council's external treasury advisors.

9. SUMMARY

- Capital expenditure plans for the Council need to be affordable, prudent and sustainable.

- The revenue budget includes the estimated revenue costs for the entire proposed capital programme, which includes the approved borrowing headroom, and indicative borrowing headroom, for additional capital projects to be added without impacting further on the MRP budget, as per the agreed framework.

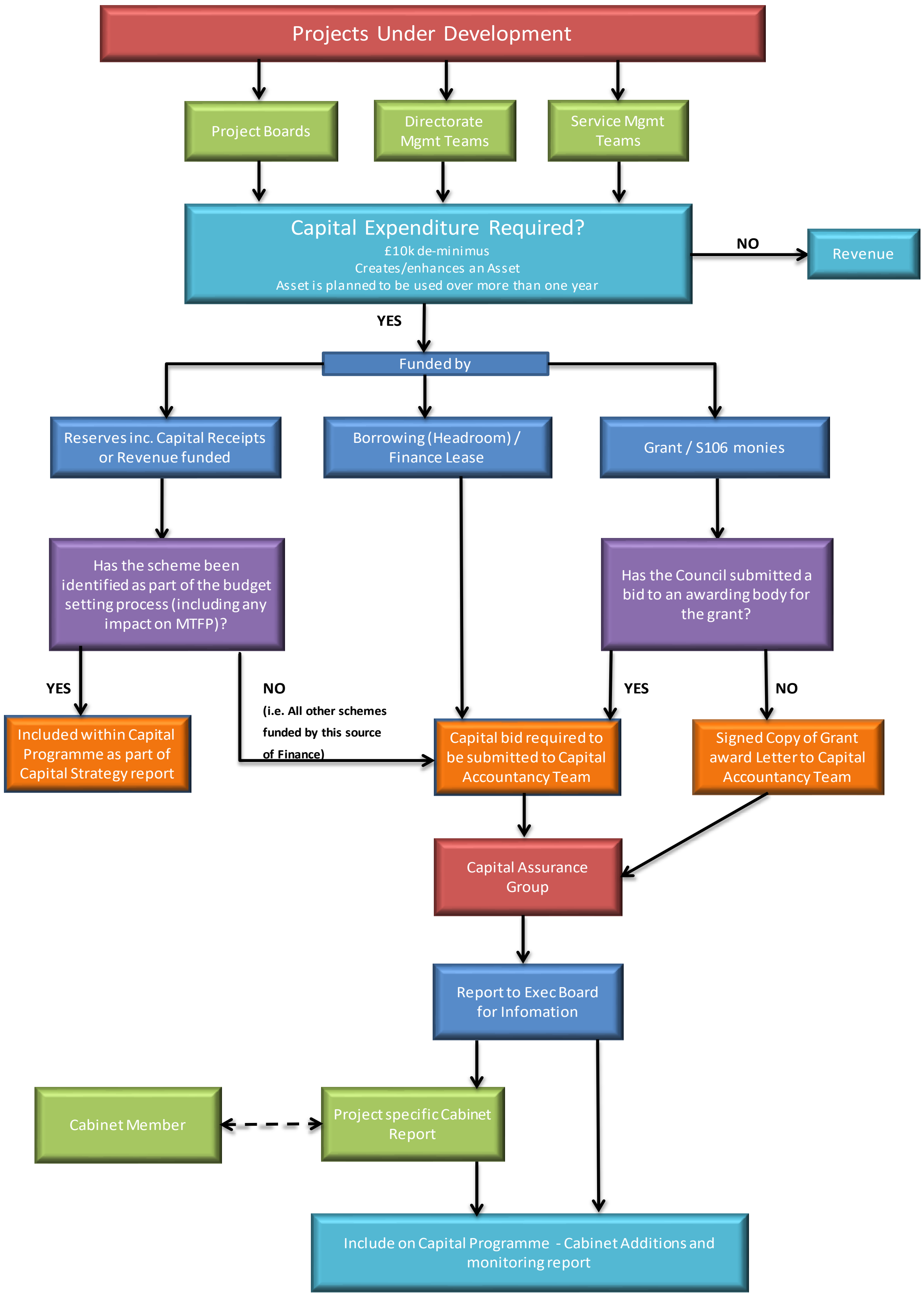
- There are a number of demands on the capital programme and there is the continual need to link the capital strategy with a number of strategic plans across the organisation. This is to ensure that the pressures on the capital programme are known and the risks are assessed and prioritised within an affordable framework. This will include clear visibility and assessment of demand for schools, highways and other operational assets.

- Decisions on funding capital expenditure through borrowing locks the Council into committing revenue funding over a very long period (as long as 40 years +). With the capital financing costs increasing over the long-term, as shown in Chart 2, the Council will need to take careful decisions when developing the Capital Programme, and prioritise accordingly, to ensure the capital plans remain affordable, prudent and sustainable.

- The Treasury Management Strategy, detailed in Appendix 3, highlights the Council's approach to managing its borrowing and investments. The proposed strategy for 2024/25 is in line with previous years and is based upon a low-risk approach to both investments and borrowing. This means that investments held are generally low in value and the approach to borrowing is to look for security of costs, resulting in a generally high proportion of long-term borrowing compared to short term borrowing.

APPENDIX 2a – Capital Additions Process Map

NO CABINET MEMBER/CABINET REPORT SHOULD BE SUBMITTED UNTIL THIS PROCESS IS COMPLETE



Appendix 3

Treasury Management Strategy Statement 2024/25

Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. 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 financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority 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) which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in November 2019 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.

Revised strategy: In accordance with the WG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Authority's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

External Context

Economic background: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong, but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2023): Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix A. For the purpose of setting the budget, it has been assumed that new long-term loans will be borrowed at an average rate of 5%.

Local Context

On 31st December 2023, the Authority held £140.6m of borrowing and £47m of treasury investments. This is set out in further detail at Appendix B. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Capital financing requirement	**273.3**	**281.1**	**350.6**	**343.6**	**330.7**
Less: Other debt liabilities *	-38.5	-36.2	-91.9	-89.1	-85.6
Loans CFR	**234.7**	**244.9**	**258.7**	**254.5**	**245.1**
Less: External borrowing **	-130.3	-130.3	-105.2	-99.3	-95.4
Internal (over) borrowing	**104.4**	**114.6**	**153.5**	**155.2**	**149.7**
Less: Balance sheet resources	-130.5	-104.0	-93.8	-86.8	-83.8
Treasury investments (or New borrowing)	**26.1**	**-10.6**	**-59.6**	**-68.5**	**-66.0**

* leases and PFI liabilities that form part of the Authority's total debt
** shows only loans to which the Authority is committed and excludes optional refinancing

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Authority has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £66.0m over the forecast period. This is broken down into £34.9m refinancing of maturing existing borrowing and £31.1m additional net external borrowing.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2024/25.

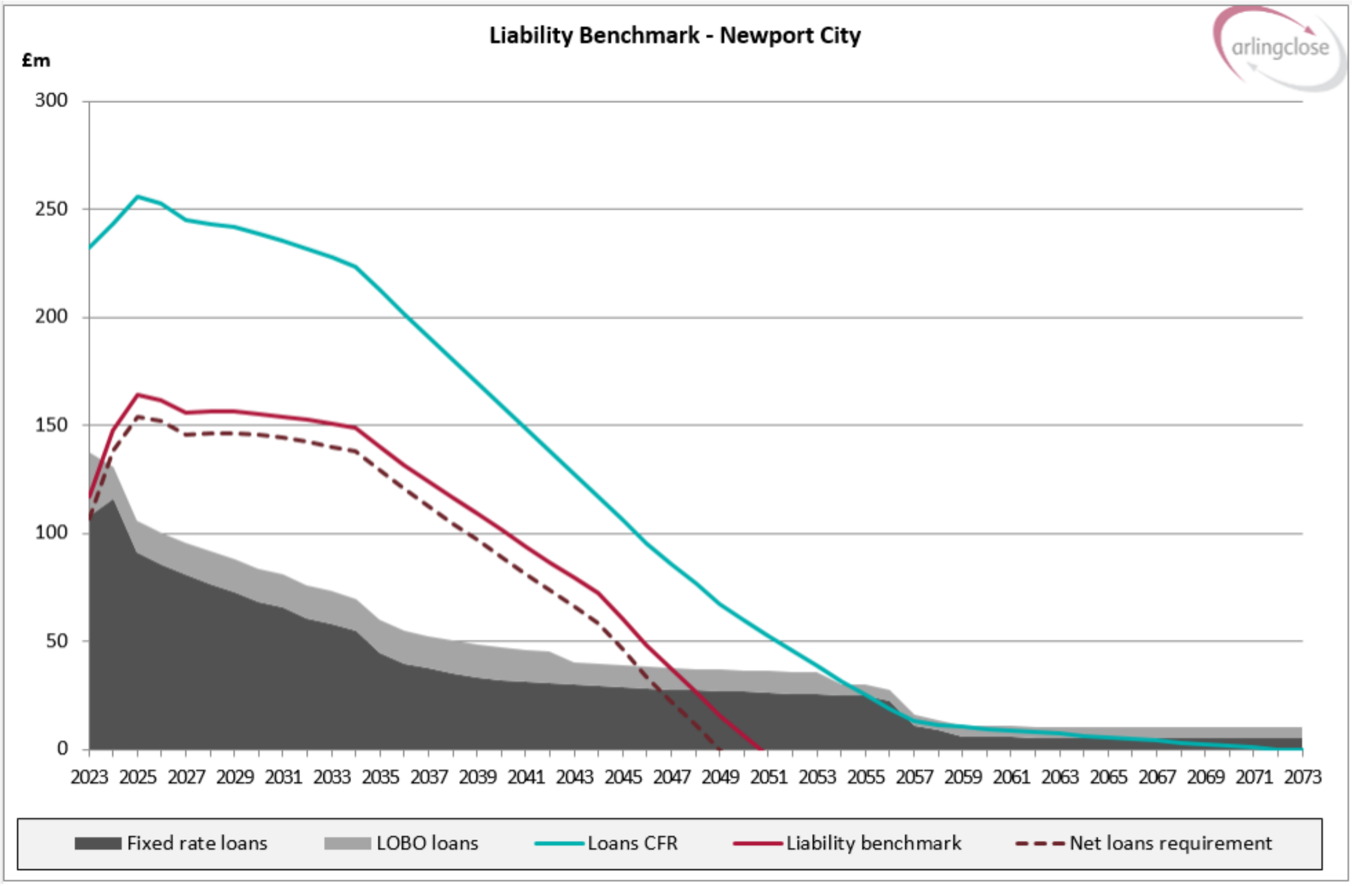
Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

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. The liability benchmark itself 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 required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	234.7	244.9	258.7	254.5	245.1
Less: Balance sheet resources	-140.5	-114.0	-103.8	-96.8	-93.8
Net loans requirement	94.2	130.9	154.9	157.7	151.4
Plus: Liquidity allowance	10	10	10	10	10
Liability benchmark	**104.2**	**140.9**	**164.9**	**167.7**	**161.4**

Following on from the medium-term forecasts in Table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £7m a year from 2027/28 and minimum revenue provision on new capital expenditure based on an average 25 year asset life. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



The chart above shows actual borrowing maturing over time (grey area reducing), however the need to borrow (the blue CFR line) is increasing sharply over the short term due to the proposed capital programme. Over the long-term, to ensure a sustainable position, the CFR needs to stop increasing and ideally come down in order for the liability benchmark to stabilise. This, in turn, reduces the need to borrow and consequent pressure on the capital financing budget. Its important to note that, even with limited planned unfunded capital expenditure beyond the medium term, the liability benchmark doesn't reduce to current levels until circa 2037. Therefore, the chart is demonstrating the following important points/assumptions:

- To be sustainable, the CFR cannot continue increasing at the rate it is currently, and a prudent limit should be placed on the future capital programme to reduce the CFR over the long-term (set out further in the Capital Strategy)
- The ability to use further internal borrowing will diminish, with internal borrowing reducing over time as reserves are utilised.
- As existing borrowing matures (grey area reducing) there will be the need to refinance this debt over the long-term.
- The liability benchmark is increasing significantly in the short term, meaning that the Council will be required to undertake new borrowing over time, although the revenue impact of this is already funded, assuming interest rates don't increase significantly from the current position.
- The only way to reduce this need to borrow is to reduce the level of capital expenditure funded by borrowing.

Borrowing Strategy

The Authority currently holds £140.6 million of loans, an increase of £2.7 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in Table 1 shows that the Authority expects to borrow up to £49m in 2024/25. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £259 million.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but may consider long-term loans from other sources including banks, pensions and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except the Greater Gwent Pension Fund)
- Capital market bond investors
- Retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- Sale and leaseback
- Similar asset based finance

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £15m 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 or to repay the loan at no additional cost. £15m of these LOBOs have options during 2024/25, and with interest rates having risen recently, there is now a good chance that lenders will exercise their options. If they do, the Authority will seek to take the option to repay LOBO loans to reduce refinancing risk in later years. Total borrowing via LOBO loans will be limited to the £15m already in existence.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's treasury investment balance has ranged between £33.6m and £80.7m, although it is expected that investment levels will average little over £10m during the 2024/25, as the Council's internal borrowing capacity is reduced.

Objectives: Both the CIPFA Code and the WG Guidance require the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest 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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: As demonstrated by the liability benchmark above, the Authority expects to be a long-term investor and treasury investments will therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Authority may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification in the form of a strategic pooled fund portfolio.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

Business models: Under the IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£10m	Unlimited
Secured investments *	25 years	£10m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£10m
Registered providers (unsecured) *	5 years	£5m	£25m
Money market funds *	n/a	£10m	Unlimited
Strategic pooled funds	n/a	£10m	£25m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£5m

This table must be read in conjunction with the notes below

*** Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £20m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds (which the Authority currently has invested in) and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Operational bank accounts: The Authority may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment limits: The Authority's revenue reserves available to cover investment losses are forecast to be £112.3 million on 31st March 2024 and £102.2 million on 31st March 2025. In order that no more than 15% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £1 million in operational bank accounts count against the relevant investment limits.

Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country

Liquidity management: The Authority uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

The Authority will spread its liquid cash over at least two providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Interest rate exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£250,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£150,000

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

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 borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	60%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and within 20 years	40%	0%
20 years and within 30 years	30%	0%
30 years and within 40 years	30%	0%

40 years and within 50 years	20%	0%
50 years and above	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 investments will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£10m	£10m	£10m	£10m

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

Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 24 of the *Local Government and Elections (Wales) Act 2021* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Markets in Financial Instruments Directive: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Head of Finance believes this to be the most appropriate status.

Government Guidance: Further matters required by the WG Guidance are included in Appendix 3c.

Financial Implications

The budget for investment income in 2024/25 is £0.4 million, based on an average investment portfolio of £10 million at an interest rate of 4%. The budget for debt interest paid in 2024/25 is £7.2 million based on the known annual cost of existing borrowing plus assumed new borrowing at a rate of 5%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 3a – Arlingclose Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium- term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix 3b – Existing Investment & Debt Portfolio Position

	31/12/2023 Actual Portfolio £m	31/12/2023 Average Rate %
External borrowing:		
Public Works Loan Board	105.3	3.8
Local authorities	5.0	5.6
LOBO loans from banks	15.0	4.4
Other loans	15.3	3.8
Total external borrowing	**140.6**	**3.7**
Other long-term liabilities:		
Private Finance Initiative	38.4	
Finance Leases	0.1	
Total other long-term liabilities	**38.5**	
Total gross external debt	**179.1**	**0.0**
Treasury investments:		
Banks (Unsecured)	0.5	5.1
Government	7.5	5.2
Secured Investments	10.0	4.3
Local authorities	29.5	5.4
Total treasury investments	47.0	5.2
Net debt	**132.1**	

Appendix 3c – Additional requirements of Welsh Government Investment Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Authority's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Authority's investments contribute to its service delivery objectives and/or to promote wellbeing as follows:

- treasury management investments support effective treasury management activities,
- loans to local organisations provide financial support to those organisations to enable them to deliver local public services that would otherwise be provided directly by the Authority, and
- investment property provides a net financial surplus that is reinvested into local public services.

Climate change: The Authority's investment decisions consider long-term climate risks to support a low carbon economy to the extent that the Council has invested in, as part of the overall capital programme, a number of energy efficiency related schemes, including LED projects and Solar PV, as well as ultra-low emission vehicles. In addition, new schools are now being constructed on a net carbon zero basis.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local authority,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of "high credit quality".

The Authority defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Loans: The WG Guidance defines a loan as a written or oral agreement where the authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another local authority.

The Council currently has loans totalling £10.3m as at 31st December 2023. These are all developer loans issued to local enterprises and are secured. The current value of loans issued represent approximately 8% of the useable reserve balance held as at 31st March 2023. The authority's aim when issuing loans is to ensure that they do not exceed 15% of total useable reserves as at the end of each financial year and, therefore, the current value of loans is within that self-assessed limit. The authority is also working to the loan limits set out below.

Table C1: Loan limits

Borrower	**Cash limit**
Local enterprises	£15m
Local charities	£5m
Wholly owned companies	£5m
Joint ventures	£5m
Treasury management investments meeting the definition of a loan	Unlimited

The Authority uses an allowed 'expected credit loss' model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Authority has appropriate credit control arrangements to recover overdue repayments in place.

Non-specified investments: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. Limits on non-specified investments are shown in table C2; the Authority confirms that its current non-specified investments remain within these limits.

Table C2: Non-specified investment limits

	Cash limit
Units in pooled funds without credit ratings or rated below A-	£10m
Shares in real estate investment trusts	£10m
Shares in local organisations	£10m
Total non-specified investments	£15m

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. On an assessment as at 31st March 2023, the Authority's investment property portfolio is anticipated to provide security for capital investment, since its fair value totals £15.812m and is likely to exceed the original purchase price (as in a number of cases, the purchases took place a significant amount of time ago). The authority will undertake further work to confirm, wherever possible, that the necessary security exists.

The Authority consider that the scale of its commercial investments including property are proportionate to the resources of the authority since such investments represent just 11% of its £139m useable reserves.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. However, the Council is not actively pursuing a strategy of acquiring investment properties. Therefore, the current level of investment properties, which represents a relatively low proportion of useable reserves, is not likely to increase in the near future. As a result, it is not anticipated that these investments will need to be liquidated in the medium term.

Because the invested funds, if required, would potentially take time to be liquidated, the authority ensures that it holds adequate available cash balances to be able to, for example, repay capital borrowed. In addition, the authority holds a minimum £10m in investments (to meet Mifid II requirements) which could, if needed, be liquidated at relatively short notice, although this would be avoided if possible to ensure that the professional client status could be retained.

Investment advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and Newport Norse as property investment advisers. The quality of these services is controlled by regular review of the services provided by both advisers and regular strategy meetings with them.

Borrowing in advance of need: Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. The Authority, after having regard to the guidance, will only borrow in advance of need as part of a strategy for reducing risk of future interest rate rises and would not undertake such activity purely in order to profit from an investment.

Capacity and skills: The authority ensures that members and statutory officers involved in investment decisions have the appropriate skills, capacity and information to take informed decisions, assess individual investments in the context of strategic objectives and risk profile, and how the quantum of decisions impact upon the overall risk exposure of the authority. Steps taken include relevant training for elected members and a minimum level of qualification for statutory officers, as well as ensuring continuing professional development, via attendance at relevant training courses. Officers will always take advise from its independent advisers regarding investing and borrowing activity.

Commercial deals: Any commercial deals that the Council would be involved in would involve statutory officers in those discussions and any final decisions. This ensures that the core principles of the prudential framework and the regulatory regime of the local authority is adhered to when making such decisions.

Corporate governance: The Council has a clear corporate governance framework set out within its constitution, scheme of delegations and Annual Governance Statement. This ensures that decisions regarding investment are taken at the appropriate level. For example, the overarching treasury strategy and framework is approved by full Council. Operational decisions, such as day to day cashflow management, including borrowing, are delegated to the Head of Finance.

Appendix 3d – Minimum Revenue Provision Policy

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.

The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Welsh Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Authority to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the guidance.

- For supported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments. This is currently deemed to be an average of 40 years.

- For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in on an annuity basis with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.

- For capital expenditure loans to third parties that are repaid over a short time period (less than 12 months) or frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. The only other scenario whereby MRP would not be charged is where there is unencumbered first charge security, held against separate assets, upon which the loan is secured. For all other capital expenditure loans to third parties, MRP will be charged in accordance with the MRP policy for the assets funded by the loan.

- The MRP policy and charges in relation to the Cardiff Capital Region 'City Deal' will reflect those within the Joint Working Agreement.

Capital expenditure incurred during 2024/25 will not be subject to an MRP charge until 2025/26.

Based on the authority's latest estimate of its Capital Financing Requirement as at 31st March 2024, the estimated cost of MRP in 2024/25, including finance leases and PFI, is as follows:

	31.03.2024 Estimated CFR £m	**2024/2025 Estimated MRP £m**
Supported capital expenditure	161	5
Unsupported capital expenditure	84	5
Finance leases and Private Finance Initiative	36	4
Total General Fund	**281**	**14**

Mae'r dudalen hon yn wag yn

Report

Council

Part 1

Date: 29 February 2024

Subject **National Non-Domestic Rates: Discretionary Rate Relief Schemes 2024-25**

Purpose The purpose of this report is for Council to agree that Newport City Council adopts the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25 (Part A), and also to extend the Newport City Council's City Centre Local Rate Relief Scheme (Part B)

Author Head of Finance

Ward All

Summary This report is split into two sections:

Part A	Welsh Government Retail Leisure & Hospitality Rate Relief Scheme 2024-25
Part B	Newport City Council Local City Centre Rate Relief Scheme Extension 2024-25

Welsh Government has again made available grant funding for billing authorities to deliver in 2024-25, the Retail, Leisure and Hospitality Rate Relief Scheme to reduce the rates payable for qualifying ratepayers.

Welsh Government has agreed to reimburse the Council in full for any awards made under the scheme and it is envisaged that up to 1,200 businesses could benefit from reduced rates by way of this relief.

The scheme will deliver 40% rate relief in 2024-25 for qualifying properties which are broadly used for retail, leisure of hospitality.

Details of the Welsh Government scheme are contained in **Part A** of this report.

In addition to the Welsh Government scheme, **Part B** of this report sets out a proposed extension to the Newport City Centre Rate Relief scheme that Council introduced in 2022-23.

The proposed extension would extend the scheme for a further 12 months and would provide additional rate relief to qualifying city centre businesses until 31 March 2025.

There are three appendices to this report:

Appendix 1 Welsh Government Retail, Hospitality & Leisure Scheme 2024-25 Guidance
Appendix 2 Newport Local City Centre Rate Relief Scheme
Appendix 3 Map of the Newport City Centre BID area

Proposal

A: To adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme 2024-25 as set out in this report and in Appendix 1;

B: To extend the Newport City Centre Local Rate Relief Scheme so that the scheme, as described in this report and in Appendix 2, operates during the 2024-25 financial year; AND

C: To delegate to the Head of Finance the authority to take such decisions as may become necessary to enable the operation of both schemes, including but not limited to:

i. the setting-up and operation of an appropriate application procedure;
ii. the power to determine whether or not an individual application is within the scope of the scheme; AND
iii. the power to revoke a grant of relief in circumstances where an applicant no longer qualifies for such relief according to the scheme.

Action by Head of Finance to implement the Scheme and make discretionary awards using delegated powers.

Timetable Effective from 1 April 2024

This report was prepared after consultation with:

- Head of Law & Regulation
- Head of People & Business Change
- Head of Regeneration, investment & Housing

Signed

Background

1.0 Background

Part A

1.1 Welsh Government has made available funding for billing authorities to deliver in 2024-25, an all-Wales Retail, Leisure and Hospitality Rate Relief Scheme.

1.2 The Scheme is fully funded by Welsh Government and will enable those businesses that are in the retail, leisure or hospitality sector to benefit from reduced business rates in 2024-25. The scheme covers all businesses that occupy business premises operating in the retail, leisure or hospitality sector.

1.3 The means of making the awards of Retail, Leisure and Hospitality Rate Relief is the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.

The Council is required to make a formal determination (Section 47(1)(a)) and decision (Section 47(3)) to adopt the scheme so that this discretionary power may be exercised by the Head of Finance under delegated powers. The formal determination is shown below.

1.3 The Council will be reimbursed for the rates income foregone as a result of the Scheme by way of a direct grant.

1.4 The relief scheme is similar in nature to the one operated in 2023-24 in that the qualifying criteria are unchanged and businesses are required to apply for the rate relief, however the maximum award will be 40% of the rates payable which is lower than provided in previous Welsh Government schemes.

1.5 The scheme also sets a limit of £110,000 as the total amount of relief that any ratepayer can claim across Wales, this will mean that some ratepayers with multiple properties across Wales will not be able to claim the rate relief in every area, local councils will have to carry out additional checks to ensure that the limit is not exceeded.

1.6 If the scheme is adopted, it is estimated that up to 1,200 businesses could benefit from reduced rates in 2024-25, although the scheme limit of £110,000 may see less than this number actually qualifying. Once an application has been made and determined the rate relief will be applied directly to the rate bill and future instalments reduced accordingly.

1.7 As the scheme is fully funded by Welsh Government there are no risks to the Council in adopting the scheme, there would however be risks to businesses that operate in the sectors covered by the scheme if the scheme was not adopted.

2.0 The Scheme to be Adopted

Introduction

2.1 The relief is intended to be a temporary measure for 2024-25 only, aimed at businesses operating in the retail, leisure and hospitality sector in Wales, for example shops, pubs, restaurants and cafes.

2.2 The Welsh Government will provide rate relief, eligible businesses occupying commercial premises in the financial year 2024-25.

2.3 Properties that will benefit from this relief will be occupied properties such as shops, hotels, restaurants, cafes and drinking establishments.

Level of Support

2.4 Eligible ratepayers must be occupying commercial business premises in the financial year 2024-25 and meet the criteria set out by Welsh Government, see **Appendix 1** for full details.

2.5 Ratepayers that qualify under the scheme will benefit from a reduction of 40% in the rates they would be due to pay in 2024-25.

2.6 The total amount of relief available is £110,000 across all properties occupied by the same business across Wales. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap.

State Aid

2.8 Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the UK Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

The UK Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount Scheme will become a notified state aid scheme. Once the notification has been approved by the European Commission, it will supersede the de minims regulation as the appropriate cover for awarding the discount, meaning existing de Minimis limits will no longer restrict the provision of support.

3 Resolution

Welsh Government Retail, Leisure and Hospitality Rate Relief Scheme Resolution

(a) The Council determines that, unless hereditaments are excepted under (b) below, Section 47(1)(a) (discretionary relief) of the Local Government Finance Act 1988 will apply as regards the hereditaments described in 'The Scheme' in accordance with the rules described in relation to those hereditaments.

It is reasonable for the Council to make this decision having regard to the interests of persons liable to pay council tax set by the Council.

(b) Relief is not available under this resolution in respect of any hereditament which is occupied by -
- the Welsh Ministers, a Minister of the Crown or government department,
- any public authority (including any local authority),
- the holder of any public office, or
- the Crown

(c) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing year 2024-25 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

Part B

Newport City Centre Local Rate Relief Scheme

Background

4.0 Part A of this report covered the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25, and whilst this is welcomed and will provide much needed rate relief to those in the retail leisure and hospitality sectors, it is recognised that this scheme alone will not be sufficient to address the challenges still faced by the Newport city centre given it's reduced benefit.

4.1 In addition to the Welsh Government support set out in Part A, a local two year scheme to further reduce rates in the city centre was agreed by Council. This scheme was effective from 1 April 2022 and reduced the rates payable by eligible city centre businesses by a further 25%. The scheme is due to finish on 31 March 2024. To date the scheme has provided additional rate relief to 110 businesses.

4.2 The intention of the scheme was both to assist existing city centre businesses and encourage greater levels of occupancy.

4.3 Details of the scheme are provided in appendix 2, and a map of the area covered shown in appendix 3.

4.4 The table below shows the amount spent for the two years that the scheme has operated, both years saw less expenditure than originally anticipated due largely to the fact that Welsh Government increased the funding it provided to eligible businesses resulting in lower 'top-up' required from the Newport City centre scheme.

	Businesses helped	Amount Spent	Original Estimate
2022-23	105	£180,708.80	£441,000
2023-24	110	£161,076.77	£441,000

Legislative Background

5.0 The Council has the power to create the Newport City Centre Scheme in accordance with its discretionary powers under section 47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.

5.1 The Localism Act 2011 extended the scope of section 47 and there is now a general power to award discretionary relief to any ratepayer providing that it would be reasonable to do so having regard to the interests of local council tax payers.

5.2 In the main, decisions to award relief under the extended powers of the Localism Act would be exercised in respect of all eligible properties within a defined area, of a defined type, as specified in the prosed scheme see **Appendix 2** of this report**.**

5.3 The Council is required to make a formal determination (Section 47(1)(a)) and decision (Section 47(3)) to adopt the scheme so that this discretionary power may be exercised by the Head of Finance under delegated powers.

5.4 In addition to the power to create a local rate relief scheme, it must be in the interests of the council tax payers of the city. This is because a local scheme will be funded locally using funds of the Council.

5.5 In assessing benefits to the council tax payer it is expected that the Newport City Centre Scheme will help to reduce the number of empty retail units in the city centre, this will improve the look and feel of city centre for all residents. Employment opportunities will be improved by attracting new businesses to set up within the city centre and assisting existing businesses to remain viable following the covid pandemic.

5.6 The Council can be as broad as it wants to be with a local scheme, however the city centre has been identified as requiring an economic boost and it is reasonable to concentrate on this area as it impacts all city residents.

5.7 What constitutes the 'city centre' is open to interpretation so the scheme covers properties within the existing Newport city centre BID area, as this is an established well defined city centre area, see **Appendix 3** for a map of the area**. Appendix 2** sets out the qualifying criteria that will be used to assess eligibility for the proposed Newport City Centre Local Rate Relief Scheme.

6.0 Resolution

The Council will adopt the Newport City Centre Rate Relief Scheme as detailed in Appendix 2, effective from 1 April 2024 for 1 year.

(a) The Council determines that, unless hereditaments are excepted under (b) below, Section 47(1)(a) (discretionary relief) of the Local Government Finance Act 1988 will apply as regards the hereditaments described in 'The Scheme' in accordance with the rules described in relation to those hereditaments.

It is reasonable for the Council to make this decision having regard to the interests of persons liable to pay council tax set by the Council.

(b) Relief is not available under this resolution in respect of any hereditament which is occupied by -
- the Welsh Ministers, a Minister of the Crown or government department,
- any public authority (including any local authority),
- the holder of any public office, or
- the Crown

(d) The Council decides, under Section 47(3) of the Local Government Finance Act 1988, that during the billing 'The Scheme' shall apply to the hereditaments described, and that the Head of Finance use his delegated powers to apply the relief.

PART A

Financial Summary (Capital and Revenue)

PART A

7.0 There are no direct financial implications to the Council in adopting the Welsh Government Retail Hospitality and Leisure rate relief scheme.

7.1 The full value of discretionary awards is reimbursed by the Welsh Government. Staff resources will be prioritised appropriately within the revenues team to meet the administration requirements of the scheme.

PART B

7.2 Unlike other rate relief schemes any local discretionary scheme would sit outside the existing schemes that are either fully or partially funded by the Welsh Government via the NNDR pooling arrangements.

7.3 The Localism Act provides the mechanism to allow local schemes to be devised but the financing of any scheme remains wholly with the Council. This would mean that any extension to the Newport City scheme would have to be entirely funded by Newport City Council and would not receive any financial contribution from Welsh Government

7.4 Since the scheme would be funded entirely by the Council the risks are substantial, and include:

- More take up than anticipated
- Increases in rateable value
- New properties coming into the scheme

7.5 Due to the Welsh Government rate relief schemes being more generous in 2022-23 and 2023-24 the cost of the additional Newport City Centre Relief has been lower than originally estimated. The cost of the proposed one year extension to the scheme can therefore be met from the unspent funds set aside for the original two year Newport City Centre scheme.

7.6 The scheme would be paid in conjunction with the existing city centre start up grants when an occupier moves into an empty retail unit. This should improve the overall attractiveness of the city to new businesses, will assist owners to bring empty properties back into use and improve the city centre for all residents.

8.0 Risks

PART A

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?
Failure to implement the scheme will result in Newport ratepayers being financially disadvantaged	H	L	Adoption of the scheme will allow relief awards to be awarded and rate bills reduced to zero.	Head of Finance

PART B

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?

The scheme costs significantly more than initially estimated.	H	M	Modelling the proposed scheme using current rating data to establish the likely maximum costs.	Head of Finance
Increases in rateable value.	M	M	Setting a limit on the RV's of qualifying business properties.	Head of Finance
Support is not sufficiently targeted and creates a perverse incentive to sit on vacant units.	H	L	Terms and conditions will reflect strategic decisions and priorities and the relief will only benefit occupied properties The scheme will set criteria that ensures that only 'occupied premises that are actively trading will benefit.	Head of Finance

Links to Council Policies and Priorities

9.0 The adoption of the schemes fits with the Council's aims to improve the local economy, and the well-being of its citizens.

10.0 Options Available and considered.

10.1 PART A

- Adopt the Wales Retail, Leisure and Hospitality Rate Relief Scheme 2024-25
- Decide not to adopt the scheme

10.2 PART B

- Extend the existing Newport City Centre Rate Relief Scheme for a further 12 months to cover the 2024-25 financial year.
- Decide not to extend to extend the Newport City Centre Rate Relief Scheme.

10.3 Preferred Option and Why

PART A

10.4 Adopt the Welsh Government fully funded Scheme so that as many businesses as possible may benefit from a reduction in the amount of business rates they are due to pay in 2024-25.

PART B

10.5 Extend the scheme so that Newport city centre businesses continue to receive additional financial support.

10.6 Comments of Chief Financial Officer

There are no financial impacts of adopting the Welsh Government scheme as it is fully funded. Processes adopted must ensure that state aid and scheme limits are not breached. This is a valuable benefit to those eligible businesses across the city and at no cost to the Council.

The Newport Local Scheme (extension) will be funded from the Council's own resources and that is from the existing funding for the current two-year scheme that ends on March 2024. As take up has not been as high as predicted; there are funds still available in that specific reserve and can accommodate this one-year extension within the BID geographical area.

10.7 Comments of Monitoring Officer

PART A

The proposal in part A of the report arises from a grant to the Council from the Welsh Government to enable councils to provide Non-Domestic Rate relief to businesses in the categories set out in the guidance document in Appendix 1. The clear intention of the Welsh Government is that the grant is used to support businesses in the categories listed; the proposal is that authority is delegated to the Council's Head of Finance to determine whether or not a business falls into one of those categories.

It is a condition of the grant that no business may receive relief under the scheme in excess of £110,000 for the financial year 2024-'25. This means that:

- businesses with multiple properties, which may be situated in the areas of more than one local authority, may not receive aggregate relief greater than this figure; and
- ratepayers who have a qualifying connection may not receive aggregate relief between them greater than this sum. The definition of a "qualifying connection" is set out in detail in the guidance but essentially relates to circumstances where:
    - both ratepayers are companies and either one is a subsidiary of the other or both are subsidiaries of the same parent company; or
    - one ratepayer (A) is a company and the other (B) is either an individual or a company with an interest in A.

The guidance does not set out how local authorities are expected to police the above, however, it does make it clear that attempts by businesses to circumvent the rules will not be tolerated.

The guidance also confirms that the scheme constitutes a state subsidy. Having said that, provided that the total subsidy received by a business does not exceed £315,000 over a three-year period, the subsidy would be lawful. As set out in the guidance, therefore, businesses will need to make a declaration that they have not received subsidies totalling more than that sum since 1st April 2022.

Having regard to the above, it would be good practice for the Council to ensure that all applicants for relief under this scheme are required to complete an application form (as opposed to the relief being granted automatically) which:

- sets out the above requirements (and any other requirements set out in the guidelines) and specifies the potential consequences of making a dishonest or fraudulent application;
- requires the applicant to disclose the details of any other relief being applied for or granted under this scheme, whether in Newport or elsewhere in Wales;
- requires the applicant to disclose the details of any connected individuals or companies who intend to apply for, have applied for or have been granted relief under the scheme;
- requires the applicant to sign a declaration confirming that the information they have provided is true and that their application complies with the requirements of the scheme; and
- requires the applicant to sign a declaration that they have not received subsidies totalling £315,000 or more since 1st April 2022.

It is open to the Council to not adopt the scheme, however, given that the scheme is fully funded by a grant, any such decision may be deemed unreasonable absent clear objective justification.

PART B

With regard to the proposal in part B, as the report sets out, the Council has the discretion to reduce (including to zero) the amount of Non-Domestic Rates payable by individual ratepayers or ratepayers who fall within a defined category. The scheme in Appendix 2 is proposed for adoption and sets out such categories.

As with the proposal in part A, the Council should ensure that it has in place a robust application procedure which elicits sufficient information from applicants in order to ensure they comply with the requirements of the scheme and which requires a signed declaration that the information given is correct, the application complies with the scheme and that that the relevant public subsidy threshold has not been exceeded. Once relief has been granted, the Council should also consider how it will monitor the scheme, for example to ensure that businesses granted relief have not changed the nature of the business carried on at the premises or ceased to trade.

The proposal seeks that delegated authority be granted to the Head of Finance to determine applications for relief, including the making of any determination as to whether an application falls within the scope of the scheme. Members may also wish to consider granting delegated authority to the Head of Finance to revoke any relief granted where there is a change of circumstances as described above.

10.8 Comments of Head of People and Business Change

This report seeks Council's agreement for NCC to adopt the Welsh Government's Retail, Leisure and Hospitality Rate Relief Scheme for 2024-25 and to extend the City Centre Local Rate Relief Scheme for 12 months. The Schemes will enable businesses that are in the retail, hospitality or leisure sector to manage their costs that have been affected by external pressures. These sectors are of major importance to the local economy and labour market and adopting the available support would be in the Council's interests.

There are clear links to the Council's Corporate Plan 2022-27 vision of 'an ambitious, fairer, greener Newport for everyone', and plans support its Well-being Objectives including Objective 1 (Economy, Education and Skills – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all). This also supports the Economy and Culture Theme of our One Newport Local Action Plan, which helps deliver the regional Gwent Well-being Plan.

The principles of the Well-being of Future Generations (Wales) Act 2015 and its five ways of working have been considered through the provision of this short-term relief, to increase the chances of businesses remaining in the city over the long-term.

There are no staffing or HR related issues arising directly from this report.

10.9 Scrutiny Committees

n/a

11.0 Fairness and Equality Impact Assessment:

PART A

11.1 A FEIA has not been carried out on the Welsh Government's Retail, Hospitality and Leisure Rate Relief scheme for 2024-25 due to fact that once adopted, the Council is obliged to comply with the Welsh Government's rules in applying the Scheme. These are detailed in **Appendix 1**.

PART B

11.2 A Fairness and equality impact assessment has been carried out in relation to the Newport City Centre Scheme and considers our legislative responsibilities under:

- The Equality Act (2010), including the Socio-economic Duty
- The Wellbeing of Future Generations (Wales) Act (2015)
- The Welsh Language (Wales) Measure (2011)
-

11.3 The extension of the Newport City Centre Rate Relief Scheme is a positive step and one which benefit the businesses in the city and the wider city as a whole.

11.4 Stakeholders – the main beneficiaries of the scheme will be the businesses in the city centre and due to the truncated time scale there has not been an opportunity to engage in formal stakeholder consultation.

11.5 This initiative has been proposed in response to communication over the years from stakeholders that highlights the bar that high city centre rates are to businesses operating in that area.

11.6 All city centre businesses that operate in the retail, hospitality and leisure sectors are expected to benefit if they meet the requirements of the scheme.

11.7 There are no impacts on the majority of protected categories protected in the Equality Act 2010 and it is anticipated that the scheme will be beneficial to the following group:

Aged – there will be benefits to the elderly in helping to sustain the city centre business as the city centre is more accessible to those reliant on public transport as opposed to out-of-town areas that can be difficult to reach.

Welsh Language – no impact anticipated.

Sustainable Development

12.1 The proposed scheme is expected to deliver both short-term and long-term benefits:

- Short Term – the rate relief is a short-term form of financial assistance that will enable existing businesses to overcome the impact high rates, and help to attract new businesses to use empty retail units.

- Long Term – although a relatively short-term package of financial assistance is proposed in the scheme it is anticipated that by assisting businesses to overcome the trading difficulties high rates will increase the chances of them remaining in the city long term.

12.2 In addition, the introduction of rate relief for new businesses moving into currently vacant premises will improve the look and feel of the city centre making it more attractive for residents to visit and the hoped for increase in footfall will further sustain the viability of the city centre.

12.3 Well-Being
The Council is in a position to be able to offer this scheme to city centre businesses which ties in with the goal of providing a more prosperous Wales.

12.4 Integration

Wales' Well-being Goals

This proposal supports the following well-being goals:

- A prosperous Wales, a thriving city centre will improve employment opportunities and economic growth.
- A resilient Wales – a thriving and vibrant city centre will provide residents with the services they need.
- A Wales of more cohesive communities – local provision of goods and services removing the need for residents to travel elsewhere.
- A globally responsible Wales – there will be more activity in the city centre and less reliance on out town areas. The city centre is more accessible to residents as it is well served by existing public transport links, thus reducing the need to travel and distance and use cars.

12.5 **Newport City Council's Well-being Objectives**

This proposal supports the following Newport City Council well-being goals:

Objective 1 Economy, Education and Skills – Newport is a thriving and growing city that offers excellent education and aspires to provide opportunities for all).

The proposal also supports the Economy and Culture Theme of our One Newport Local Action Plan, which helps deliver the regional Gwent Well-being Plan.

12.6 The Equality Act (2010)

12.7 This proposal does not adversely impact any protected categories, it does however raise the question of fairness when comparing a city centre business with one in another part of the city.

12.8 Targeting support where it is needed most allows a policy to have more impact than providing a lower level of support over a wider area.

12.9 In addition the retail, hospitality and leisure sectors have been disproportionally adversely affected by the covid pandemic and the restrictions placed on trading with the effects still being felt.

It is accepted that not every business in the city will receive this support however the city centre requires additional help and this proposal is intended to address this.

13.0 Socio-economic Duty

13.1 The Socio-economic duty is set out in the Equality Act 2010, and requires the council, when making strategic decisions, to pay due regard to the need to reduce the inequalities of outcome that result from socio-economic disadvantage. Inequalities of outcome are felt most acutely in areas such as health, education, work, living standards, justice and personal security, and participation.

13.2 The proposed scheme is a positive move and will be beneficial to the businesses within the city centre and the residents of the city as whole in particular:

- Low Income/income poverty – it is beneficial to have goods and services readily available in the city centre, as those on low incomes are less likely to have cars to be able to reach the out-of-town areas or travel to other cities.

- Employment Opportunities – a thriving city centre will enhance the employment opportunities available to residents of the city.

Material Deprivation – it is beneficial for residents to be able to access goods and services within the city centre.

Area Deprivation – the city centre is accessible from all areas of the city and is particularly so for those that live rurally as they are able to access the city centre by existing public transport links.

13.3 Consultation
n/a

13.4 Background Papers

The Welsh Government's Guidance on the Retail, Leisure and Hospitality Rate Relief Scheme 2024-25 is available here:

Dated: 12 February 2024

APPENDIX 1

Non-Domestic Rates – Retail, Leisure and Hospitality Rates Relief in Wales 2024-25

Guidance

About this guidance

This guidance is intended to support county and county borough councils ('local authorities') in administering the Retail, Leisure and Hospitality Rates Relief scheme ('the relief'). On 3 March 2021, the Minister for Finance and Trefnydd announced the extension of the relief on a temporary basis for 2024-25. This guidance applies to Wales only.

This guidance sets out the criteria which the Welsh Government will use to determine the funding for local authorities for relief provided to retail, leisure and hospitality properties. The guidance does not replace any existing non-domestic rates legislation or any other relief.

Enquiries about the scheme should be sent to: localtaxationpolicy@gov.wales

The relief is being offered from 1 April 2021 and will be available until 31 March 2022.

Introduction

This relief is aimed at businesses and other ratepayers in Wales in the retail, leisure and hospitality sectors, for example shops, pubs and restaurants, gyms, performance venues and hotels.

The Welsh Government will provide grant funding to all 22 local authorities in Wales to provide the Retail, Leisure and Hospitality Rates Relief scheme to eligible businesses for 2024-25. The scheme aims to provide support for eligible occupied properties by offering a discount of 40% on non-domestic rates bills for such properties.

The scheme will apply to all eligible businesses, however the relief will be subject to a cap in the amount each business can claim across Wales. The total amount of relief available is £110,000 across all properties occupied by the same business. All businesses are required to make a declaration that the amount of relief they are seeking across Wales does not exceed this cap, when applying to individual local authorities.

This document provides guidance on the operation and delivery of the scheme.

Retail, Leisure and Hospitality Rates Relief

How will the relief be provided?

As this is a temporary measure, we are providing the relief by reimbursing local authorities that use their discretionary relief powers under section 47 of the Local Government Finance Act 1988. It will be for individual local authorities to adopt a scheme and decide in each individual case when to grant relief under section 47. The Welsh Government will reimburse local authorities for the relief that is provided.

in line with this guidance via a grant under section 31 of the Local Government Act 2003 and section 58A of the Government of Wales Act 2006.

How will the scheme be administered?

It will be for local authorities to determine how they wish to administer the scheme to maximise take-up and minimise the administrative burden for ratepayers and for local authority staff.

Local authorities are responsible for providing ratepayers with clear and accessible information on the details and administration of the scheme. If, for any reason, an authority is unable to provide this relief to eligible ratepayers from 1 April 2022, consideration should be given to notifying eligible ratepayers that they qualify for the relief and that their bills will be recalculated.

Which properties will benefit from relief?

Properties that will benefit from this relief will be occupied retail, leisure and hospitality properties – such as shops, pubs and restaurants, gyms, performance venues and hotels across Wales. More detailed eligibility criteria and exceptions to the relief are set out below.

Relief should be granted to each eligible business as a reduction to its rates bill based on occupation between 1 April 2021 and 31 March 2022. It is recognised that there may be some instances where a local authority is retrospectively notified of a change of occupier. In such cases, if it is clear that the ratepayer was in occupation on or after the 1 April 2022, the local authority may use its discretion in awarding relief.

It is intended that, for the purposes of this scheme, retail properties such as, 'shops, restaurants, cafes and drinking establishments' will mean the following (subject to the other criteria in this guidance).

Hereditaments that are being used for the sale of goods to visiting members of the public

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licences, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Pharmacies
- Post offices
- Furnishing shops or display rooms (such as carpet shops, double-glazing, garage doors)
- Car or caravan showrooms
- Second hard car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale or hire)

Hereditaments that are being used for the provision of the following services to visiting members of the public

- Hair and beauty services
- Shoe repairs or key cutting
- Travel agents
- Ticket offices, eg. for theatre
- Dry cleaners
- Launderettes
- PC, TV or domestic appliance repair
- Funeral directors
- Photo processing
- DVD or video rentals
- Tool hire
- Car hire
- Estate and letting agents

Hereditaments that are being used for the sale of food and / or drink to visiting members of the public

- Restaurants
- Drive-through or drive-in restaurants
- Takeaways
- Sandwich shops

- Cafés
- Coffee shops
- Pubs
- Bars or Wine Bars

We consider assembly and leisure to mean the following.

Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities) and for the assembly of visiting members of the public

- Sports grounds and clubs
- Sport and leisure facilities
- Gyms
- Tourist attractions
- Museums and art galleries
- Stately homes and historic houses
- Theatres
- Live Music Venues
- Cinemas
- Nightclubs

Hereditaments that are being used for the assembly of visiting members of the public

- Public halls

- Clubhouses, clubs and institutions

We consider hotels, guest & boarding premises and self-catering accommodation to mean the following.

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business

- Hotels, Guest and Boarding Houses,
- Holiday homes,
- Caravan parks and sites

Other considerations

To qualify for the relief, the hereditament should be wholly or mainly used for the qualifying purposes. In a similar way to other reliefs, this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief. For the avoidance of doubt, hereditaments which closed temporarily due to the government's advice on Covid-19 should be treated as occupied for the purposes of this relief.

The above list is not intended to be exhaustive as it would be impossible to list all the many and varied retail, leisure and hospitality uses that exist. There will also be mixed uses. However, it is intended to be a guide for local authorities as to the types of uses that the Welsh Government considers for this purpose to be eligible for relief. Local authorities should determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

As the grant of the relief is discretionary, local authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the local authority's wider objectives for the local area.

Businesses may view that they have been able to continue trading at a substantial level during Coronavirus restrictions and as such may be inclined to not apply for the relief.

Types of hereditaments that are not considered to be eligible for Retail, Leisure and Hospitality Rates Relief

The following list sets out the types of uses that the Welsh Government does not consider to be retail, leisure or hospitality use for the purpose of this relief and which would not be deemed eligible for the relief. However, it will be for local authorities to determine if hereditaments are similar in nature to those listed and if they would not be eligible for relief under the scheme.

Hereditaments that are being used wholly or mainly for the provision of the following services to visiting members of the public

- Financial services (eg. banks, building societies, cash points, ATMs, bureaux de change, payday lenders, betting shops, pawnbrokers)
- Medical services (eg. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (eg. solicitors, accountants, insurance agents, financial advisers, tutors)
- Post Office sorting offices
- Day nurseries
- Kennels and catteries
- Casinos and gambling clubs
- Show homes and marketing suites
- Employment agencies

Hereditaments that are not reasonably accessible to visiting members of the public
If a hereditament is not usually reasonably accessible to visiting members of the public, it will be ineligible for relief under the scheme even if there is ancillary use of the hereditament that might be considered to fall within the descriptions listed under *Which properties will benefit from relief?*

Hereditaments that are not occupied
Properties that are not occupied on 1 April 2022 should be excluded from this relief. However, under the mandatory Empty Property Rates Relief, empty properties will receive a 100% reduction in rates for the first three months (and in certain cases, six months) of being empty.

Hereditaments that are owned, rented or managed by a local authority
Hereditaments owned, rented or managed by a local authority, such as visitor centres, tourist information shops and council-run coffee shops or gift shops attached to historic buildings, are exempt from this scheme.

How much relief will be available?

The total amount of government funded relief available for each property under this scheme for 2024-25 is 40% of the relevant bill. This is subject to a cap of £110,000 per business across all their properties in Wales. The relief should be applied to the net bill remaining after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied (excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act 2011, which are not funded by section 31 grants).

Businesses who occupy more than one property will be entitled to Retail, Leisure and Hospitality Rates Relief for each of their eligible properties, within the cap of £110,000 per business across Wales.

A business with a single property with a remaining liability (after reliefs) greater than £220,000 can use the entire allocation of relief. No other properties owned by that business will be eligible for the scheme.

Retail, leisure and hospitality properties which are excluded from Small Business Rates Relief due to the multiple occupation rule are eligible for this relief scheme, subject to the cap being applied

Changes to existing hereditaments, including change in occupier

Empty properties becoming occupied after 1 April 2022 will qualify for this relief from the time of occupation.

If there is a change in occupier part way through the financial year, after relief has already been provided to the hereditament, the new occupier will qualify for the relief if they operate in the retail, leisure or hospitality sectors, on a pro-rata basis. This will be calculated based on the remaining days of occupation using the formula used in the section titled *How much relief will be available?*
The discount should be applied on a day-to-day basis using the formula set out above. A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, should be considered afresh for the discount on that day

State Aid / Subsidy Control Regime

Following the end of the transition period for the United Kingdom leaving the European Union on 31 December 2020, EU State Aid regulations only apply in limited circumstances. As the relief is not funded by EU residual funds, EU State Aid regulations no longer apply for this scheme. As of 1 January 2021, the UK Subsidy Regime came into force. The scheme is considered by the Welsh Government to be outside the scope of any international trade agreements as measures are focused locally within Wales.

40%

Appendix 2

Scheme Criteria – Newport City Centre Rate Relief Scheme

- Rate relief of 25% of the full rates payable will be awarded for one year up to 31 March 2023, and continue for a second year until 31 March 2024 provided the eligibility criteria continues to be met in full.
- For new occupiers joining the scheme after 1 April 2022 rate relief of 25% of the full rates payable will be awarded from the date the business starts to trade up until 31 March 2023, and continue for a second year until 31 March 2024 provided the eligibility criteria continues to be met in full.
- For businesses that start to trade after the 1 April 2023 rate relief of 25% of the full rates payable will be awarded from the date the business starts to trade up until 31 March 2024

The following criteria will be used to assess eligibility for the Newport City Centre Rate Relief Scheme.
For Existing Businesses:

- The ratepayer must be occupying a property shown in the non-domestic rating list.
- The property must be located within the Newport city centre BID area.
- The business must be actively trading.
- The property must have a rateable value of £50,000 or less
- The ratepayer must have the necessary permissions to carry out the business.
- The property must not be occupied by a charity or similar organisation that receives or is entitled to receive either mandatory or discretionary rate relief.
- The business being run must be in the retail, leisure and hospitality sectors as defined by the Retail, Hospital and Leisure rate relief scheme 2024-25.
- The business must not have received more than £300k in state aid since January 2021 and is eligible to claim this relief under the Small Amounts of Financial Assistance rules.
- The property must not be used for storage or other non-trading activities.
- At least 75% of the available retail space must be being used.

For Businesses occupying previously empty premises:
All the conditions as above plus:

- The ratepayer must own or have signed a commercial lease with a minimum of 12 months to run with no break clause in that period.
- There must be evidence that the business is trading, and rent is being paid.
- The premises must have been unoccupied at the start of the lease.
- No relief will be awarded until the property is occupied and trading.
- Rate relief will not be paid in respect of empty property rates.
- In the case of a business moving from one premises to another within the city centre, relief will be paid on the new premises only if the property is larger and more staff are being employed.
- In the case of a new business, a detailed business plan must be supplied.
- The property being used must not be excessively large for the business that is being carried out.

In all cases the Council will reserve the right to decline to pay any applications that it considers have been created to take advantage of scheme.

In the rate relief will end when one of the following occurs:

- The business ceases to trade.
- The property becomes unoccupied.
- Action is taken by a statutory body that prevents the business from operating.

Appendix 3

Map of City Centre BID Area