

Report

Cabinet

Part 1

Date: 14 January 2022

Subject 2022/23 Budget and Medium Term Financial Plan (MTFP)

Purpose To highlight key issues affecting the development of the Council's 2022/23 budget and Medium Term Financial Plan (MTFP) and present the draft proposals for the 2022/23 budget. Cabinet are asked to agree the proposals in order to commence the budget consultation process for this year. Consultation results will be reported back to Cabinet in February 2022, when Cabinet will agree a final budget and recommend the corresponding council tax level to full Council.

Author Head of Finance

Ward All

Summary This report presents the draft budget proposals for 2022/23 and the key priorities for investment which the better-than-expected settlement provides, namely:

- School's funding
- Early Intervention and Prevention activities / services
- City Centre

The Council received details of its draft 'Revenue Support Grant' (RSG) on 21 December and therefore was only able to work through final details of the draft budget after this time. The result of that is a slightly later start to budget consultation but the remaining budget-setting timetable has been adjusted to maximise the time available for consultation and residents, service users and stakeholders, such as the independent Fairness Commission, will have four full weeks to take part in the consultation.

Details of the budget are shown within this report and in contrast to previous years there are no new savings proposals for consultation at this stage. The report, along with the appendices, set out the draft budget pressures / investments and increase in local council tax, which are the key elements of the proposed budget to ensure it is sustainable and able to maintain and develop key services for the city and its residents.

A 'balance in hand' is still shown and is unavoidable due to the late settlement, further work is on-going to identify appropriate budget choices within the key priorities shown above, to include and dovetail the use of the current year's underspends in those areas and other investments for the city and manage the risk to the Council's finances from on-going pandemic impacts.

Section:

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Proposal

1. Cabinet agrees the following draft proposals for public consultation:

- i) A council tax increase of 3.7%, a weekly increase of £0.59 - £0.79 for properties in Band A to C, the most common bands in Newport, as set out in paragraphs 3.21.
- ii) Proposed fees and charges in appendix 4.
- iii) The budget investments shown in appendix 1.
- iv) The budget investment provision in schools of up to £8,003k, noting this will fully fund the planning assumption on teacher's pay @ 4% from September 2022 plus the cost of new/ expanding school provision as noted in paragraph 3.11 – 3.18.

Specifically on the teacher's pay, given the uncertainty surrounding teachers' pay from September 2022 provision of up to 4% is proposed and will be held centrally until confirmation of the pay award is received. Cabinet agrees to confirm and finalise this when there is certainty with the intention of retaining the objective described above in fully funding the September pay increase, within the funding provision available.

2. Cabinet notes:

- v) The position on developing a balanced budget for 2022/23 and considering the late announcement of the 2022/23 RSG funding, acknowledge that the position will be subject to ongoing review and updates between now and the February Cabinet when the final budget is agreed.
- vi) The medium term financial projections, assumptions contained within and that projections contain investment required to finalise the implementation the Corporate Plan promises.
- vii) The need to prioritise the development of a 'strategic change programme' to develop a long-term sustainable financial footing for services.
- viii) Further work is required to specifically review and manage the financial impacts of some key risks in 2022/23, such as Covid related costs and income losses.

Action by Chief Executive / Senior Leadership Team/ Heads of Service

Timetable Immediate:

Decisions subject to consultation include investments set out in Appendix 1, fees and charges, and schools funding position. These, along with the proposed council tax increase will form the basis of the consultation process.

This report was prepared after consultation with:

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

Signed

1 Background

- 1.1 The medium-term financial plan (MTFP) included within the Council's 2021/22 budget report identified a potential budget gap of £2.5 million (m) in 2022/23 and almost £9m over the period 2022/23 to 2024/25. This report provides an update to these, in particular on the key planning assumptions made over the medium term, the 2022/23 and medium-term budget proposals and associated timetable. It highlights considerations directly associated with the coronavirus pandemic; the respective financial planning implications that will need to be kept under close review as well as an assessment of the Council's financial resilience given the continued challenges the Council faces in these unprecedented times.
- 1.2 The external considerations impacting on the Council are a key factor in the overall approach to financial planning within the organisation. From an economic context, the pandemic has had a significant impact both globally and at a UK level.
- 1.3 The Covid 19 pandemic and associated public health measures have had significant financial implications on the Council, both in terms of additional costs and loss of income. In 2021/22, the Welsh Government (WG) continued with the Covid 19 Hardship Fund to support local authorities in managing additional costs, or lost income, due to the pandemic. In addition to this, hypothecated grants were available to fund specific WG policies such as the provision of free school meals during school holidays and support to business. The Hardship Fund mentioned above will end in March 2022 and this creates a potential financial risk to the Council's budget in 2022/23 as some residual impacts, on both additional costs and income losses will still likely exist and could well be permanent in some respects.
- 1.4 The budget preparations continue to present a distinct set of challenges building on the unprecedented circumstances of the last few years. These preparations have been shaped and impacted by the ongoing response to the COVID 19 pandemic, the repercussions of the UK's exit from the European Union (EU), tackling inequality and the urgent need to continue to respond to the climate and nature emergency.
- 1.5 The demands that face the Council, not only in the context of the pandemic, have a key impact on financial planning. Despite the challenges over the last two years the Council continues to provide over 800 services, for over 158,000 people, living in over 69,000 households. Newport's population continues to grow and increasing demand and pressure for services means that the Council continues to face financial challenges in both the short and longer term, namely:
 - increasing inflationary costs e.g., contracts and pay;
 - costs of funding the Council's increasing levels of planned debt, linked to its substantial capital programme in its commitment to improving the city and its infrastructure plus the reduction in its 'internal borrowing' capacity which is currently 'dampening down' the real cost of borrowing.
 - increasing demand for services and therefore costs. These stem from demographic and societal changes and are most acute in the larger budget areas of social services and education.
 - local government funding in Newport sees the 'Revenue Support Grant (RSG)' funding over 75% of its net budget. Funding is therefore controlled largely outside of the Council's influence, resulting in a disconnect from its own spending pressures, requirement, and priorities.
 - a historically low relative council tax level.
- 1.6 In addition, the Council has demonstrated its ability and willingness to invest in services over the longer term, linked to priorities as set out in the Corporate Plan to fulfil its ambition of 'Improving People's Lives'. The Council's Corporate Plan, which ends this March, sets out 20 clear promises and, in some cases, require financial investments, which are included in the 2022/23 budget and the MTFP as appropriate.
- 1.7 The Council has made savings of over £30m over the last 5 years and in order to achieve this has supported people to live independently, rationalised the Council's estate, invested in

prevention and early intervention and seen a significant reduction in the number of staff, supported by digitalisation and automation of processes.

- 1.8 The Council's Corporate Risk register monitors the risks that may prevent the Council from achieving its Corporate Plan or delivering services to its communities and service users within Newport. Key risks include the Council infrastructure, stability of key suppliers and organisational capacity – the details of these are included within Appendix 8.

2 Setting the budget

- 2.1 This section outlines the key contextual areas and events, which influence the Council's medium term financial planning and within that, next year's budget. This year has brought some new and significant challenges over and above previous years, the future year impact of which is currently unknown but could well be significant. The key contextual areas which have shaped the thinking and the preparation of the draft proposals include:

- the economic challenge, in the context of major cost and demand pressures and the extent to which the pandemic has done lasting damage to the economy.
- the UK national context coming out of the annual spending review and what that meant for WG funding for 2022/23.
- the local, Newport City Council, context given the draft RSG funding which was confirmed on the 21 December, and which included a multi-year funding settlement which now brings a reasonable level of certainty, helping to improve long term planning.
- the Council Corporate Plan, which drives priorities. These factors are explained in more detail below.

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

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

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

- 2.4 In putting together the budget proposals each year we review:

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

- 2.5 Although additional new savings are not identified in this draft budget to balance the overall budget in 2022/23, Cabinet will keep this under consideration and also keep the medium-term position in mind, and in February will approve the new medium-term investments/savings over the life of the MTFP, to be added to those already approved / in progress.

Economic Context

- 2.6 The outlook for the Welsh budget has been transformed over recent months, with a substantial amount of additional funding available for day-to-day spending on public services next year than

previously expected. However, many areas of the budget face major cost and demand pressures, during a challenging economic period.

- 2.7 The Chancellor presented his recent Autumn Budget against an improved economic backdrop. The Office for Budget responsibility (OBR) revised down its judgement on the extent to which the pandemic has done lasting damage to the economic output from 3% to 2%. In addition, unemployment is now expected to peak at 5.2% in the near term, down from 6.5% peak forecast in March 2021. Government borrowing has also been revised down relative to the March 2021 forecast owing to stronger tax receipts, reflecting the upward revision to nominal GDP.
- 2.8 The Chancellor took advantage of this increased 'headroom' against the fiscal targets to further increase departmental spending. When combined with the tax rises announced in March and September 2021, the overall spending envelope has increased significantly compared to the indicative plans set out at the beginning of the fiscal year.
- 2.9 Although the budgetary position of the WG was not known until 21 December it has been evident that the economic outlook has drastically improved. Core day-to-day spending (excluding Covid-19 spending) is set to grow by 8.6% in real terms next year and will be 9% above 2010/11 levels. For the first time since 2017, WG also benefitted from a multi-year funding settlement, which should aid long-term planning and implementation of the policies included in the Co-operation Agreement. Further detail on the Co-operation Agreement can be found in paragraph 3.2 of the report.
- 2.10 Despite this improved budgetary position, the outlook for household finances remains challenging. A combination of inflationary pressures and cuts to working age benefits is set to squeeze households' purchasing power over the coming months. This, in turn, could result in increased demand, and therefore costs, for some Council services.

National Context

- 2.11 The UK government's Autumn Budget and Spending Review 2021 set WG block grant funding for the next three years. The outlook, based on UK government spending plans from March 2021 painted a bleak picture ahead of the Senedd election in May, however, increased departmental spending has transformed the outlook for the Welsh budget.
- 2.12 The key headlines, for local government, as set out within the spending review include:
- The new Health and Social Care Levy, along with an increase to the rates of dividend tax, will raise around £13 billion per year for spending on health and social care across the UK enabling significant further funding for the NHS.
 - A number of significant investments which resulted in 'consequential funding' for the WG, including
 - An additional £4.7 billion by 2024-25 for the core schools' budget in England, over and above the settlement for schools in 2022-23, as well as £2.6 billion of capital funding for new school places for children with special educational needs and disabilities, and £1.8 billion of additional money for education recovery;
 - £639 million resource funding per annum by 2024-25 as part of the government's commitment to end rough sleeping in England, an 85% cash increase compared to 2019-20.
 - From 1st April 2022, the National Living Wage will increase by 6.6% to £9.50 an hour. Young people and apprentices will also see pay increases as the National Minimum Wage rates will also increase next April.
 - Allocation of the first round of the UK-wide Levelling Up Fund with £1.7 billion of investment in local areas.
 - Accelerated funding for the Cardiff City Region Deal to fast-track support, including for advanced manufacturing capability in the region.
 - Welsh Government's main expenditure group real terms funding increased by 9.51%.
- 2.13 The Welsh Government budget was published on the 21 December 2021 with the Minister for Finance stating that priorities continue to be health and local government services. The significantly increased settlement will enable local authorities to continue to deliver the services

their communities want and need as well as supporting national and local ambitions for the future, including responding to the climate and nature emergency and contributing to the Net Zero Wales plan.

Local Context

2.14 In contrast to recent years, a multi-year settlement from the UK government has enabled a similar multi-year LG settlement, at an all-Wales level, the first time since 2017. This will aid long term planning. The settlement dates are as follows:

| | |
|------------------|---|
| 21 December 2021 | Provisional local government settlement for 2022/23 published |
| 1 March 2022 | Final local government settlement for 2022/23 published |

2.15 The outcome of the draft announcement has been pivotal to agreement of the Council's 2022/23 draft budget as this accounts for the largest part of councils' funding. The 10.2% uplift it brought is welcomed and has enabled the Council to support a growing population, support major cost and demand pressures that the Council continues to face during a challenging economic period and assist in reducing the budget gap over the medium term. This funding is provided through a non-hypothecated grant – the Aggregated External Finance (more commonly referred to as the "Revenue Support Grant"- RSG). In addition to this, other grants provide funding for specific purposes. The scale of the budget challenge is very sensitive to changes, both current and future, to RSG funding as shown in Table 5 and the multi-year settlement therefore reduces the uncertainty the previous annual settlements brought about.

2.16 In Newport, the RSG funding makes up 76% of its net budget, with council tax at 24%. As the RSG makes up such a large proportion of the Council's budget, what happens to this grant is crucial, as any reductions cannot be easily offset by an increase to council tax. For example, it would take in the region of 3.2% increase in council tax to offset a 1% reduction in the RSG. This is known as the gearing effect.

2.17 The headlines of the draft settlement received on 21 December confirms:

- local government core revenue funding for 2022/23 will be set at £5.1 billion meaning that, after adjusting for transfers, overall core funding for local government in 2022-23 will increase by 9.4% on a like-for-like basis compared to the current year;
- as part of the multi-year settlement announced this year, indicative funding increases of 3.5% and 2.4% in 2023/24 and 2024/25 respectively;
- a number of 'cost pressures/ investments were funded through the increases highlighted above:
 - funding to enable authorities to meet the additional costs of introducing the Real Living Wage for care workers as set out by the Deputy Minister for Social Services;
 - funding for teachers' pay deal;
 - funding to cover the increased National Insurance Contributions for employers from April 2022
 - continued funding to support local government to waive fees for child burials;
 - continued funding to maintain full entitlements under Council Tax Reduction Scheme (CTRS) for 2022/23;
 - continued funding to freeze the NDR multiplier for 2022/23;
 - funding for the creation and ongoing development of corporate joint committees to allow authorities to work together on specific functions such as transport, economic development, and planning, specifically for the core operation costs of these committees;
 - funding to recognise the need to build the capacity of electoral services to deal with Welsh electoral reform, as needed within councils;
 - funding for continued residual impacts of increased costs and reduced income from the Covid pandemic, in recognition of no Hardship Fund beyond this current year.

2.18 Overall, the draft RSG was positive compared to previously modelled assumptions, and confirmed that the Council would receive £265,612k for 2022/23. After allowing for new specific grant transfers into the RSG, this is a cash increase of £24.6m (+10.2%) from current funding,

compared to a Welsh average of +9.3%. There remain several uncertainties around specific grants; however, these should be confirmed between this report and the final settlement from WG in early March 2022.

- 2.19 The multi-year settlement figures have been used for the current update of the Council's MTFP and we have also, in addition, made an allowance for the Council receiving a greater share of RSG funding as its population and in particular, younger age groups increase relative to most other areas across Wales.
- 2.20 The Council's final RSG settlement will be announced on 1 March 2022. Apart from late transfers of specific grants into/ out of the final settlement, which are 'neutral' in their impact, the main changes would usually come from Council's confirmation of their individual 'tax bases' – i.e., the number of Band D equivalent properties. The late draft settlement has meant that any adjustments required to allow for the 'equalisation' process for council tax base has already been included, which usefully takes away that uncertainty in the final settlement. At this point, therefore, we will be assuming that the final grant settlement will not change from the draft other than for 'cost neutral' issues.
- 2.21 The Head of Finance (HoF) has set the tax-base for 2022/23 and it will increase by 0.6%, which is similar to the all-Wales average over the last two years. This council tax base is net of a decrease of 1.6% in collection rates reflecting the historical and current increasingly challenging task of collecting council tax income. This practice is consistent with all councils across Wales and Newport's budgeted collection rates is one of the highest in Wales. The net increase in available funding from the increased tax base (at current Council Tax levels) is £452k and is reflected in the MTFP for 2022/23.
- 2.22 The impact on funding resulting from Council Tax 'equalisation' is a key feature of the Local Government grant settlement process and provides some challenges to those councils, like Newport, who have significant cost pressures resulting from housing and population growth. The impact on the RSG funding for Newport Council this year is a reduction of £94k from this, which is relatively modest compared to some previous years.

Implementing the Corporate Plan

- 2.23 The Council's business and financial planning is underpinned by the Council's Corporate Plan 2017-22 that sets out a clear set of aspirations and plans under our mission of 'Improving People's Lives'. This has provided a focus for decisions around spending and directing activity across the Council.
- 2.24 The current medium term financial projections included in Appendix 6 and the detailed budget investments in Appendix 1 includes funding for the key outstanding priorities and promises set out in the plan, as needed.
- 2.25 The Council has yet to develop a 'strategic change programme', which outlines the key areas and initiatives that will guide services and the Council in the future to deliver sustainable services. Such a programme's financial impact would be reflected in the Council's MTFP, contribute towards delivering a balanced / sustainable medium term financial position, and is recognised as a priority throughout the organisation.

3 Financial planning assumptions

- 3.1 Whilst the above section highlights the context for this and other councils' medium term financial plans, a number of important assumptions are required in order to aid successful medium term financial planning. This section deals with the key areas affecting the MTFP and the budget for next year. These are:
- the impact of increasing costs and demand on the Council's budget;
 - the impact of increased costs in the Council's school budgets, and in particular from new/ growing schools;

- Council tax funding which makes up 24% of the Council's core funding and is the only element of funding controlled by the Council;
- Income inflation assumes a 4% uplift on major sources of income where the Council has control. Service areas are, however, able to deviate from this base assumption in light of demand as long as the change can be managed within the overall service area budget.

Increasing costs and demand

3.2 Financial pressures and demands on our services have increased over a number of years and this increase is projected to continue. The main issues include:

- inflationary cost increases – of the Council's £315m net revenue budget, over three quarters of expenditure relates to pay and contracts subject to inflationary increases year on year. Cabinet will be aware of the significant pricing increases on most goods and services at this time and the rising inflation figures. Given that the NJC pay offer for the current year has not yet been agreed, ballots for strikes have been completed and the original request for the increase this year from unions; in line with many other councils, we have reconsidered our inflation increases for pay and revised upwards to 4% for both teachers and NJC for 2022/23, dropping back to 2% in later years of the Council's financial plan. This is a provision only within the Council's budgets for pay increases and will be included within service budgets once the actual award has been confirmed, up to the budget provision available.
- the planned 6.6% increase to the National Living Wage from April 2022 has also increased staff costs in many of the Council's contracts – particularly for social care providers. Future years investment in this area will need to be reviewed in the context of contractual increases over the medium term;
- employer national insurance rates will increase by 1.25% from April 2022 to fund social care costs and to help the NHS clear backlogs;
- significant increases in demand-led services – specifically social care;
- cost of new and growing schools, linked to the continued growth of the city;
- the Co-operation Agreement between the WG and Paid Cymru contains significant additional spending commitments. These include free school meals for all primary school pupils, expansion of early years childcare to all two-year-olds, and the ambition for a National Care Service free at the point of need. Under our planning assumptions on funding, the medium term financial plan assumes additional grant funding for these.

3.3 Unavoidable pay and inflationary cost increases, excluding schools, equate to £6,659k in 2022/23 and £16,097k over the three-year period to 2024/25, based on current planning assumptions highlighted above.

3.4 In addition to these cost increases, the Council continues to see an increase in demand-led service pressures and the Cabinet are considering investments in a number of key areas.

Demand Led issues

As regards demand led issues, although the 2020/21 and 2021/22 financial years have seen underspends in a number of these areas, those years are not a true representation of the underlying challenge, due to the pandemic and the reimbursement of additional costs that is received from the WG Hardship Fund. The risk, therefore, of significant overspends emerging has not necessarily gone away and such areas remain critical in terms of their potential impact upon the overall monitoring position going forward.

Although the financial impact of the pandemic is currently neutralised within the monitoring position by the support from WG, certain service and demand-led pressures continue to present a challenge, including, in particular:

- Specific challenges within Children services;
- Undelivered budget savings.

Detailed demand models for social care have been included within Appendix 3 and form the basis of the investments proposed for inclusion within the medium-term projections.

Investments and Priorities

As regards investments, the Cabinet are considering and prioritising the following issues and/or services

Schools and early intervention and Prevention services

- School budgets – mindful of the pressure on school budgets, teaching staff, the specific needs of pupils and the role that schools play in early intervention and prevention.
- Education services – investment in roles that focus on supporting challenging pupil behaviours and additional support requirements and advice to schools.
- Social Care - investment in the 'Safeguarding Hub' as a key contributor to early intervention and prevention services and capacity
- Consideration is also being given, in readiness for the final budget as to what other targeted investments could impact on support given to vulnerable families and individuals, in particular as we continue to manage the impact of the pandemic

City Centre

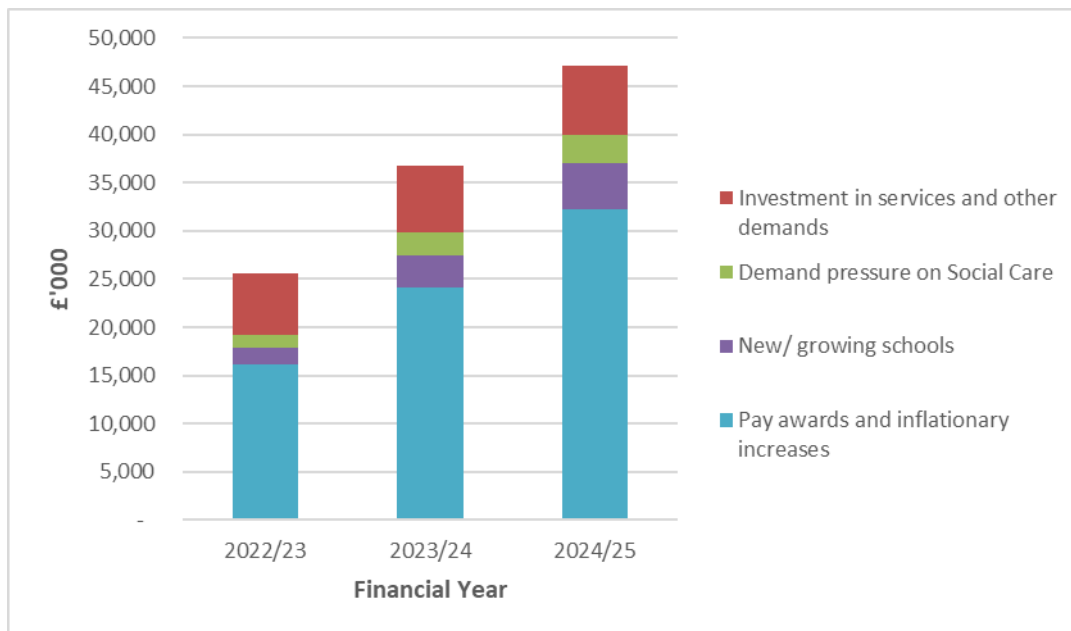
- Consideration is being given to investments which will impact on the city centre and the businesses within it. In particular around the promotion of the city, marketing, inward investment, co-ordination of activities and events, tourism, and the general environment in and around the city centre, such as cleansing.

3.5 For 2022/23 specifically, the Council is currently planning to invest around £9.5m in the draft budget over and above an allowance for pay and pricing inflation. More details on proposed investments are included in Appendix 1 and some of the key items include:

- £2,998k investment in school budgets
- £172k in social care safeguarding hub and £180k in education services to add resources in the Council early intervention and preventions services
- £1,597k increase in employer's national insurance contribution
- £1,355k for increasing demand in social care demand for both children and adult services
- £883k free school meals update funding requirement – not linked to the Co-operation Agreement
- £733k provision to support WG directive to ensure that no rough sleepers in Newport. We are awaiting details of a specific grant to cover this pressure – an update will be provided in the final budget.

Further final detailed investments will be agreed at the final budget in the Cabinet's February meeting and will take into account feedback from consultation, in particular on the key investments/priority areas outlined in paragraph 3.4 above. In addition, as well as the on-going investment in the revenue budget which the final budget will confirm, the Cabinet will also identify one-off investment in these and other key areas, funded from the current year's underspend and current reserves.

Chart 1: Cumulative pressures up to 2024/25 by source



- 3.6 The financial pressures facing the Council continue to increase significantly over the three-year period. Whilst Newport has received favourable settlements in recent years, rising demand and costs in current services have / are utilising a large part of this.

Capital programme and financing / Cardiff Capital Region City Deal

- 3.7 The capital expenditure undertaken by the Council gives rise to a long-term and fixed commitment to fund the associated revenue costs for the provision of the repayment of that borrowing (Minimum Revenue Provision (MRP)) and interest costs – together called ‘capital financing costs’. The Council’s current capital financing costs make up for almost 6.6% of the net revenue budget, which is high when compared to other Welsh local authorities. 2021/22 included a significant increase to the capital financing budget to frontload the revenue budget requirement for the remainder of the current capital programme. Therefore, the 2022/23 budget does not include any increase in this budget. The Council’s very significant capital programme, in its commitment to improving the city and its infrastructure, requires a significant increase in borrowing with the associated increase in costs reflected in the increase allocated during 2021/22.
- 3.8 The Capital Strategy, which details the capital programme and the long-term impact of capital expenditure, is approved by full Council, alongside the budget report setting the Council Tax level.
- 3.9 Within the capital programme is the Council’s contribution to the Cardiff Capital Region City Deal (CCRCD). The CCRCD is funded by both UK Treasury and its ten constituent councils and for the latter; a total ‘funding envelope’ was agreed over its life.
- 3.10 The Council’s contribution to the City Deal was agreed by full Council in 2017/18. Newport City Council contributes just under 10% of the local authorities’ contribution to its overall funding. Whilst this council, like others, has medium term capital programmes, this is the one individual project within it, which spans over multiple programme periods and the funding commitment for this goes into 2035/36. Funding is made up of two aspects:
- making capital funds available to the CCR. This will incur capital financing costs of MRP and interest for this council as it will need to borrow funds itself to pass it on to the CCRCD.
 - making capital funds available in advance of UK Treasury funding. In this respect, this council’s capital financing costs is just the interest element, as borrowing will be reimbursed when funds are made available by Treasury in line with current agreements.
 - The current Capital Programme reflects total capital expenditure of £25.4m in relation to the City Deal, of which £17.3m relates to the “cost of carry” referred to above. £9.9m in

total is projected to be incurred in 2022/23, with a further £15.5m over the course of the MTFP.

School's funding

- 3.11 The current position provides for a cash increase for the overall school budget. Although this has been developed within the context of significant uncertainty around non-teaching pay from April 2021, the Minister for Education and Welsh language announced in September that the recommendation from the Independent Welsh Pay Review Body would be accepted and that a pay award would be introduced from 1 September 2021 to provide for a 1.75% uplift to all teachers' pay scales and allowances. The Council continues to take a prudent view and make provision within the budget plans for a pay increase from September 2022 and over the life of the MTFP, as outlined in para. 3.2 above.
- 3.12 The draft budget makes provision for schools to receive investment of up to £8,003k in 2022/23, which represents a 7.3% growth in the schools budget. This is based on an assumed level of inflationary pay award increase as noted above plus the additional costs of new/ expanding schools at a level which maintains the current 'funding per pupil' as the table below shows. In this respect, it represents an investment in schools' budget over and above the cost increases predicated in schools. It is proposed to Cabinet in this report that all of the budget increase provision will be added to the 'Individual School Budget' except for the allowance for the 2022 pay award increase, which will be considered by Cabinet when a final figure is known/agreed, up to the value of the budget provision made. In doing so, the intention of fully funding cost increases in the school budget sector remains and reflects what is being proposed to Cabinet within this report
- 3.13 As part of the investment outlined above, £1,197k has been included in relation to the provision of support for pupils with additional learning needs (ALN). This funding will largely go towards the one-to-one support that is delivered for statemented pupils, in turn reducing the requirement for schools to use other funding allocations to meet the cost of delivering this support. Although this funding will be provided for specific ALN provision, it is anticipated that most, if not all, schools will benefit from this. As well as this, in recognition of the ongoing funding challenges faced by schools, £900k is included as a general budget increase to the overall school budget. This will increase the per pupil funding amount and all schools will experience the benefit of this.
- 3.14 The context for this proposed funding is the challenging financial management position within schools. Although an overall overspend against budget is currently forecast, it should be noted that schools carried forward significantly higher balances at the end of 2020/21 financial year, compared with previous years. This higher level of balances is primarily the product of WG grants issued towards the end of the last financial year, which offset spend that schools had already budgeted for. School balances are projected to remain healthy into 2022/23, except for the schools in deficit. It is important to note that, although balances held by schools are healthier than in previous years, this is anticipated to be a temporary position, with schools facing significant challenges in meeting the needs of pupils going forward. In terms of schools in deficit, it is still of paramount importance that these are addressed, and officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend. Officers continue to work closely with schools to ensure that deficit recovery plans are in place and that action is taken to reduce spend.
- 3.15 However, it is not sufficient to deal with the extent of accumulated deficits in schools at this time, therefore schools will need to continue to find robust solutions to ensure they manage within the available budget and repay these accumulated deficits. This resolution is critical as current spending levels in schools may not be sustainable and has the potential to cause a significant and adverse impact on the Council's overall finances if it continues as in previous years.
- 3.16 Assessed budget pressures in school budgets over the life of the MTFP amount to £17.5m, based on current assumptions on teachers' pay and new/ expanding schools' costs. These will, like other MTFP assumptions, need to be reviewed regularly and any actual proposed funding increases confirmed through the budget process.

Table 1: School budget pressures 2022/23 to 2024/25

| | 2022/2023 £'000 | 2023/2024 £'000 | 2024/2025 £'000 |
|--|--------------------|--------------------|--------------------|
| Teaching staff - pay award - 2.75% Sept 2021, 4% in 2022 and 2% thereafter | 3,248 | 1,605 | 1,709 |
| Non Teaching school staff - pay award - 2% per annum | 662 | 679 | 695 |
| Contract & Income Inflation | 189 | 197 | 204 |
| New and growing Schools | 1,045 | 1,082 | 1,397 |
| Secondary School Transitions | 706 | 479 | 25 |
| Other School investment | 2,153 | 762 | 625 |
| | 8,003 | 4,804 | 4,655 |

- 3.17 Final allocations of specific grant are yet to be determined across the Education Achievement Service (EAS) region. Officers will assess these allocations once confirmation has been received.
- 3.18 Whilst it is recognised that schools have experienced significant financial challenge, school funding in overall terms is better than other parts of the Council and has increased by 20% over the last 5 years. This includes specific grants and is shown in the table below. As well as the increases in revenue funding over recent years, there has also been a significant investment in capital resources, with the total Education capital programme (between 2018/19 and 2024/25) standing at £111.7m.

Table 2: School budgets by sector – 2016/17 to 2021/22

| Year | Nursery | Primary | Secondary | Special | Total |
|---------|---------|---------|-----------|---------|---------|
| 2016/17 | 494 | 54,627 | 48,619 | 4,040 | 107,780 |
| 2017/18 | 512 | 54,959 | 47,505 | 4,247 | 107,223 |
| 2018/19 | 562 | 57,396 | 47,497 | 4,773 | 110,228 |
| 2019/20 | 496 | 58,492 | 49,619 | 5,091 | 113,698 |
| 2020/21 | 484 | 64,118 | 54,851 | 5,144 | 124,597 |
| 2021/22 | 529 | 66,145 | 56,953 | 5,594 | 129,220 |

| | |
|---|-------|
| Increase in funding over 5 year period (incl specific grants) | 20.5% |
|---|-------|

| | |
|--|-------|
| Increase in funding (excl specific grants & delegations) | 20.6% |
|--|-------|

Council Tax

- 3.19 It is well documented that Newport's council tax is low compared to others in Wales, generating 24% of our income. This council's current year budget is well below its 'standard spending assessment', a relative spending needs assessment between all Welsh councils, by £11.1m, which is almost entirely due to our low level of council tax funding.
- 3.20 A revised planning assumption of 3.7% increase in council tax is contained within the MTFP in 2022/23. A 4% planning assumption for council tax increase remains thereafter. This is subject to consultation and a final recommendation to Council on the council tax level and will be confirmed in the Cabinet's February 2022 meeting.
- 3.21 For contextual purposes, the table below shows the weekly increases in council tax based on a 3.7% increase. Given the low starting point on Newport council's tax, it will still be lower than most (if not all) of the neighbouring authorities, even if they have a lower level of increase.

Newport City Council's proposed tax increase would maintain its position as one of the lowest in Wales.

Table 3: Scenarios illustrating weekly council tax increases

| Band | A | B | C | D | E | F | G | H | I |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Annual increase based on 3.7% increase | £30.64 | £35.75 | £40.85 | £45.96 | £56.18 | £66.39 | £76.60 | £91.92 | £91.92 |
| Weekly increase based on 3.7% increase | £0.59 | £0.69 | £0.79 | £0.88 | £1.08 | £1.28 | £1.47 | £1.77 | £1.77 |

3.22 Given that over half of Newport's chargeable properties are banded A – C most households would see an increase of between £0.59 and £0.79 per week based on a 3.7% increase.

Summary of key budget assumptions

At this point, the following assumptions are included.

Table 4: Summary of key assumptions

| MTFP Summary | 2022/2023 £'000 | 2023/2024 £'000 | 2024/2025 £'000 |
|---|--------------------|--------------------|--------------------|
| RSG increase +10.31% in 22/23, +3.5% and +2.4% in line with WG multi-year settlement figures included within RSG | (24,816) | (10,046) | (7,348) |
| Council tax increase +3.7% in 2022/23 and 4% thereafter | (2,729) | (2,508) | (2,609) |
| Budget pressures/ investments (appendix 1) | 25,651 | 11,096 | 10,353 |
| Previously agreed budget savings (appendix 2) | (812) | 0 | 0 |

Resulting budget position and sensitivity of assumptions

3.23 Given the favourable settlement in 2022/23 and the indicative uplift proposed as part of the multi-year settlement period in 2023/24 and 2024/25, the budget position in the current draft MTFP (Appendix 6) is reasonably manageable, certainly compared to previous years.

3.24 Clearly, the resulting gap over the medium term is based on assumptions, listed above, over the life of the MTFP and we can expect further demand-led pressures to be flagged up by services over and beyond what is currently shown, which will therefore worsen the current position shown. The new Corporate Plan for the Council's new administration after the May 2022 local elections may also include specific areas of investment which have a financial impact. These, therefore, require careful management over this period.

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

- The progress of the pandemic, the ongoing impact on lives and on public services (magnified by the emergence of the new Omicron variant) continues to be highly uncertain;
- economic challenges, in the context of major cost and demand pressures and the extent to which the pandemic and the UK's exit from the European Union has done lasting damage to the economy;

- increasing demand within service areas over and above provision already made within the MTFP;
- increasing costs of funding the Council's levels of planned debt, linked to its substantial capital programme and the reduction in its 'internal borrowing' capacity;
- ongoing financial issues on school budgets;
- Brexit.

Sensitivity analysis

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

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

Table 5: Sensitivity analysis – key projections

| RSG Sensitivity | £'000 |
|--|--------------|
| RSG growth +/- 1% | 2,408 |
| Council Tax Sensitivity | |
| Council tax change +/- 1% | 635 |
| Pay Sensitivity | |
| Pay inflation - NJC staff +/- 1% | 1,012 |
| Pay inflation - Teachers and soulbury +/- 1% | 664 |
| Contract Inflation Sensitivity | |
| Contract inflation - +/- 1% | 1,217 |

4 Budget savings

4.1 The identification of new savings is not required to balance the budget for 2022/23. The budget for 2022/23 does include previously agreed savings of £812k, the detail of which can be found within Appendix 2.

4.2 The savings already agreed in the February 2021 MTFP are either in progress of implementation or due to be implemented in 2022/23. No further details are shown for these savings, as they have already been approved.

5 Budget process and consultation

5.1 This report presents the draft proposals for the 2022/23 budget. The report asks Cabinet to note:

- the position on developing a balanced budget for 2022/23, acknowledging that the position will be subject to ongoing review and updates.

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

- proposed budget investments in Appendix 1;
- proposed fees and charges in Appendix 4;
- the position regarding the proposed school funding for 2022/23 in Section 3.

Budget engagement

- 5.3 Over the course of the year leading up to this draft budget, the impact of Covid-19 has proved challenging in terms of public engagement. There has been an increased emphasis on electronic engagement methods and the focus of public engagement has understandably shifted towards supporting the recovery from Covid-19. For instance, through the major participatory budget programme currently underway (the Covid Recovery Fund) which will empower citizens to make funding decisions through a democratic process. Face to face public engagement, as would have previously informed the draft budget has been impacted as have other forms of engagement, for instance, the reduced numbers of responses received through bus Wi-Fi surveys. Despite this an engagement exercise was completed to establish citizens' views on the prioritisation of council services over the medium term. Almost 1,000 responses were received, and the results indicated that the public place significant emphasis on: schools and education, children's services, city services, adult services, and homelessness support. The proposed investments set out in this report are consistent with these findings and the public will now be invited to give their views on the draft budget and medium-term financial plan during the consultation period. In contrast with previous years there are no new savings proposals, and this is reflected in the consultation, which will instead focus on the investments and proposed increase to Council Tax.
- 5.4 Below is this year's timetable for consulting on and approving the 2022/23 budget:

Table 6: Budget consultation timetable 2022/23

| | |
|---|-------------------------------------|
| Cabinet agrees budget proposals as a basis for consultation | 14 January 2022 |
| Consultation period | 14 January 2022 to 11 February 2022 |
| Cabinet considers feedback from consultation and agrees final budget proposals and recommends resulting overall budget and council tax required to full Council | 18 February 2022 |
| Council approves the 2022/23 overall budget and resulting council tax level required | 1 March 2022 |

6 Risk, financial resilience, and performance

- 6.1 A key driver in our budget strategy and MTFP framework is the need to manage the Council's general and financial risks, its financial resilience and performance. This next section looks at these issues and identifies how they are dealt with, whilst considering how they influence the Council's 2022/23 budget and medium-term projections.

Risk

- 6.2 The Council maintains a corporate risk register, which is regularly reviewed by the corporate management team and Cabinet, as well as the Governance & Audit Committee from a procedural/ risk management framework viewpoint. The Council's budget strategy and MTFP framework needs to reflect risks and incorporate appropriate financial mitigation, where required.
- 6.3 The quarter 2 corporate risk register reported to December Cabinet identified 18 risks that are considered to have a significant impact on the Council's objectives and legal obligations. 11 of these risks are severe and linked to the issues set out within the economic context of this report. In some cases, it is increasingly difficult for the Council to effectively prepare and quantify the financial impact of some of these risks until outcomes are known. There are several risks identified in the risk register that to fully mitigate would be unaffordable. In these cases, the risk is identified, and the Council needs to consider and assess how best to mitigate and continue lobbying WG to provide more funding in these areas, as these risks are not unique to Newport. These areas do, however, continue to be monitored closely to ensure that where information is available these risks are considered and where appropriate factored into the Council's financial planning.
- 6.4 Two current risks with significant uncertainty are the Covid-19 pandemic and the stability of social services providers:

Covid-19 Pandemic Outbreak / Stability of Social Services providers

- 6.5 During 2021/22, external support from WG in the form of the Hardship Fund has seen loss of income and additional costs relating directly to the pandemic being reimbursed. To date in the current financial year, we have claimed £11m in additional expenditure and lost income and forecast the total for the year to be in the region of £17m. The Council has been notified that the Hardship Fund will not continue into 2022/23 to support the ongoing pressures and subsequent recovery of income.
- 6.6 Whilst a large proportion of the above relates to specific WG policy initiatives such as free school meals and certain support payments to social care providers; and will cease as those initiatives are stopped, there will remain some potentially significant ongoing risks to the Council's budget:
- 6.7 As noted above, a number of WG led initiatives have supported key sectors; one of these being social care. Since the start of the pandemic, the Hardship Fund has supported social care uplifts and additional payments to ensure their sustainability over this period. Although the Hardship Fund will not be available in 2022/23, the social care sector continues to face unprecedented demand which impacts greatly on the risk and capacity within the sector.

This end of the 'Hardship Fund' after this current year is a concern and should be considered carefully in the context of next year's budget – two issues in particular:

- any specific costs related to local decisions to continue, in some form, those existing (or new) policy initiatives either Newport specific or regional to support our communities or key suppliers as the impact of the pandemic continues.
- unavoidable impacts outside of the Council's direct control such as:
 - cover for continued staff absences resulting in unbudgeted overtime/agency costs
 - reduced income from areas such as car parking as the local economy and 'normal patterns of activity' take time to recover. In some cases, we can expect some of these patterns to be potentially permanent.

There are currently no budget pressures factored into the MTFP for the above Covid risks and a comprehensive review of this and other risks need to be undertaken to assess how best to mitigate, as best as possible.

6.8 Appendix 8 sets out the current risks included within the register. The Council has at its disposal, the following options to manage:

- existing revenue contingency budget;
- existing revenue budgets not yet committed and could, in whole or part, be set aside to manage revenue budget risks in the short term;
- existing uncommitted reserves;
- specific reserves earmarked for budget risks;
- an emerging underspend in the current year which could, in part at least, be utilised to manage one-off risks;
- investment in revenue budgets to mitigate risks on an on-going basis.

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

Financial Resilience

6.10 A robust view is taken in managing budget risks and protecting the financial health of the Council. In that respect, the Council's financial resilience is a key consideration and Appendix 5 shows the current 'snapshot' of the key data and information showing an overview of the health of the Council currently. Key headlines include:

- *Earmarked Reserves*: The Council maintains a good level of earmarked reserves. By their very nature, the vast majority are earmarked for specific purposes and many committed/in drawdown and use. In that respect, and as regularly pointed out, they provide a good level of financial mitigation in the last resort 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.
- *Revenue Contingency budget – General Reserves*: The contingency base budget and other specific risk reserves held by the Council are taken into consideration when assessing the level of the general reserve and help to mitigate the risk to the Council. The general reserve is increasingly becoming too low, as the Council's net budget increases each year but can be maintained at that level at this point 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 decline in school reserves over the last few years is a concern and although current projections look much healthier than in previous years, this is likely to be a temporary improvement due to significant one-off grants being awarded at the end of last financial year. The forecast overspend this year will see reserve balances reduce to £7,105k at the end of this financial year, though this could change in the last quarter as so often is the case with new grants received. Work with specific schools to review their deficit recovery plans continue to improve matters but unless schools continue to manage within their available budget in future this has the potential to impact on the financial resilience of the overall Council in due course.
- *Current budget savings-managing the revenue budget – demands on the revenue budget*: The Council has identified and continues to monitor budget reductions of £3.4m in 2021/22 and whilst understandable delays in delivery is evident, HoS have confirmed they can and will be implemented. This is alongside delivering outturns within and under budget over recent years, despite the delivery of £30m savings over the last 5 years. This needs to be viewed within the context of continued significant demands which are faced by service areas,

namely children’s social care and schools, which have been highlighted throughout the year as part of the budget monitoring process. Whilst the historical pattern of increased demand in our ‘people services’ have been significantly affected over the last 2 years, the underlying trend is still evident and could increase post-pandemic. Increasingly, we are seeing issues emerge in our ‘place services’, resulting from historical under-investment in our infrastructure, resource levels and the growing importance of community-based services during these recent times.

The Council is developing a strategic transformation/change programme and has its ‘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.

- *On-going and new risks:* These are discussed and noted in the risk section above in the main. There are specific risks coming out of the Covid pandemic which will continue beyond this financial year and WG have been clear in saying that councils will need to manage the financial impacts of those from that point. These require an assessment and mitigation. In addition, there are other non-Covid risks, some which are mitigated in current earmarked reserves, and which also require the normal review and assessment. Inadequate provisions will impact on the Council’s plans and finances. The available options to manage are listed above in the risk section and these should be prioritised in the first place when considering budget issues going into 2022/23.

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

7 Report review and statutory comments

7.1 Risks

| Risk | Impact of Risk if it occurs* (H/M/L) | Probability of risk occurring (H/M/L) | What is the Council doing or what has it done to avoid the risk or reduce its effect | Who is responsible for dealing with the risk? |
|--|--------------------------------------|---------------------------------------|--|---|
| Planning parameters around inflation are incorrect | M | M | <ol style="list-style-type: none"> 1 Use of contingency, where required 2 Use of reserves, where appropriate | Head of Finance SLT |
| Planning parameters around Welsh Government revenue grant are incorrect over medium term | H | L | <ol style="list-style-type: none"> 1. Use of contingency, where required 2. Keep the assumptions under constant review 3. Use of conservative assumptions | Head of Finance |
| Increasing budget pressures over medium term | M | M | <ol style="list-style-type: none"> 1. Manage demand, where possible 2. Keep MTFP under constant review 3. SLT review of all budget pressures within MTFP | SLT |

* Taking account of proposed mitigation measures

7.2 Links to Council Policies and Priorities

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

7.3 Options Available and considered

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

7.4 Preferred Option and Why

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

7.5 Comments of Chief Financial Officer

The financial implications are contained, in detail, within the body of the report.

Due to the late notification of the settlement and some key issues and work on-going in identifying budget choices, the budget contained here still includes a 'balance in hand'. Cabinet will need to produce a balanced budget when they confirm their final budget. Given there are no budget savings which impact on services and further investments will be approved then, then this should not cause any issues. The broad areas for investment priorities of schools, city centre and early intervention and prevention are noted in this report and should usefully serve as key consultation areas as well as the detailed proposals already included in the draft budget.

A 3.7% Council Tax is proposed for consultation. Given that Newport is relatively under-funded due to this, the relative deprivation/need of the population within the city, the risk posed by the on-going financial impacts of the pandemic with no WG Hardship Fund to mitigate and demand on services both generally and in relation to the pandemic, the Cabinet is asked to take a prudent view on an increase in Council Tax, following consultation.

As the report notes, there is no detailed plan to manage the on-going financial impact and risks of the Pandemic at this stage and this must be addressed by the Cabinet in the final budget. This is a key issue as there is no WG Hardship Fund at the end of this financial year with a near certainty of there being adverse impacts, certainly for next year and potentially permanently, to some extent. The range of options available to do this are noted in the report and this will be a key issue for the HoF's assessment of the robustness of the budget to full Council when they consider the Council Tax rise in early March.

7.6 Comments of Monitoring Officer

There are no specific legal issues arising from the Report at this stage. Cabinet is being asked to approve the draft budget and investment proposals and council tax rate set out in the Report in order to recommend to Council a balanced budget for 22/23. Cabinet are also asked to agree to the draft budget proposals being submitted for public consultation, insofar as they relate to investment proposals, fees and charges and the schools funding position. There are no new savings proposals for 22/23 which will need to be subject to consultation. Cabinet will then take the final decisions on those investments, fees and charges and schools funding proposals in the light of the responses to the public consultation, prior to making a recommendation to Council regarding the council tax rate and budget for 22/23. The implementation of all the individual budget proposals are executive matters, but there will need to be an assessment of the relative fairness and equality impact of the proposed investments, fees and charges and schools funding to ensure that the Council has due regard to its public sector equality and socio-economic duties under the Equality Act. As there are no new savings being proposed, then there is no requirement to consult about and assess the impact of the budget proposals in relation to the reduction of any services. However, the proposed new investments, fees and charges and schools funding should be considered in relation to their fairness, impact on the socially disadvantaged and meeting the Council's well-being objectives. The setting of the overall base

budget and council tax rate for 22/32 is a matter for full Council as these are non-executive reserved matters under the Constitution.

7.7 Comments of Head of People and Business Change

The report outlines the proposals for Cabinet consideration in order to set a balanced budget for 2022/23 and also looking forward, with consideration of the medium term financial plan.

As explained in the report there are no new savings proposals for 2022/23 which would, otherwise, be subject to consultation and Fairness and Equality Impact Assessment. However, the proposed investments and fees and charges, including Council Tax will be subject to public consultation and will also be assessed in relation to their fairness, their impact on protected equalities groups, the socially disadvantaged and meeting the Council's well-being objectives. This assessment will be informed by the results of the consultation process and will be included with the final budget report to Cabinet.

Public consultation on the proposals seeking Cabinet agreement will commence on 14th January 2022 and will run until 11th February 2022. Alongside the traditional paper-based consultation process and on-line questionnaires, a bus Wi-Fi survey will be used, although the ongoing public health situation will exclude face-to-face consultation activity. As in previous years, the Fairness Commission will be asked to provide a consultation response which will be included in the final Cabinet report in February.

7.8 Comments of Cabinet Member

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

7.9 Scrutiny Committees

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

7.10 Equalities Impact Assessment and the Equalities Act 2010

As there are no new savings proposals in the 2022/23 draft budget and medium term financial year there are no individual fairness and equality impact assessments at this stage. However, an over-arching assessment of the impact of the budget will be undertaken, to be informed by the budget consultation and included with the final report to Cabinet. Given that the Administration has been able to avoid making cost savings the overall impact of the budget is expected to be positive in terms of equalities and the socio-economic duty.

7.11 Children and Families (Wales) Measure

Given that the Administration has been able to avoid making cost savings the overall impact of the budget is expected to be positive and all proposals for investment will form part of the wider budget consultation.

7.12 Wellbeing of Future Generations (Wales) Act 2015

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.

7.13 Crime and Disorder Act 1998

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

Dated: