

# Report

## Cabinet

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### Part 1

Date: 9 February 2015

Item No: 4

### **Subject 2015/16 Budget & Medium Term Financial Plan**

**Purpose** Cabinet is asked to consider the work completed on the change and efficiency programme to date, the consultation feedback received on the programme and taking a strategic and medium term view, agree:

- The implementation of the full 4 year budget investments and saving options contained within the Medium Term Financial Plan; and
- The final 3 years of the Council's 4 year Capital Programme noting that these will be subject to on-going review/updating

Cabinet is also asked to note:

- The fees & charges for 2015/16 will be agreed by individual Lead Members via Cabinet Member decision reports and process.

Cabinet also needs to agree a number of key 2015/16 budget matters, for recommendation to full Council on the 24<sup>th</sup> February. These are:

- the Council's total revenue budget and resulting Council Tax for 2015/16
- the Council's Capital Programme for 2015/16
- the Council's Treasury Management Strategy
- the Council's Prudential Indicators for 2015/16, Investment Strategy and its Minimum Revenue Provision (MRP) policy

Noting that the Treasury Management & Investment strategies, MRP policies and Prudential Indicators have been reviewed by the Council's Audit Committee as required by the 'Prudential Code' for Local Authorities.

**Author** Head of Finance

**Ward** All Wards

**Summary** The Council has made significant improvement in how it plans its resources in the medium term, ensuring alignment with its vision for the City, through the 'Prospectus For Change 2013-2017' which underpinned its Medium Term Financial Plan (MTFP) with plans to change the way services are delivered to the residents of Newport within available resources. This resulted in a MTFP that was more or less balanced. The worsening financial support from WG in 2015/16 and beyond now requires the delivery of significant further savings in order to ensure a balanced budget in the short term, and financial sustainability of services in the medium to long term.

In line with Cabinet recommendation in February 2014, the existing approved 4 year programme continues to be implemented, having undergone a review to re-confirm deliverability. New change and efficiency proposals have been developed to meet the increased challenge of 2015/16 and added to existing programme proposals.

Cabinet is recommended to take a strategic and medium term approach and approve all the new investment and saving proposals over the life of this current plan.

Whilst the MTFP is a four year plan, the Council is required to approve an overall budget and resulting Council Tax level annually. Within the context of the MTFP and 4 year Capital Programme, Cabinet is asked to make final recommendations to the Council on:

- the 2015/16 Council Tax and total revenue budget, resulting from the budget proposals for 2015/16;
- proposed 2015/16 capital budget;
- Treasury Management & Investment Strategies, Minimum Revenue Provision (MRP) policy and Prudential Indicators for 2015/16.

**Proposal** **Cabinet is requested:**

**Medium Term Financial Plan and Capital programme (paragraphs 3-9 & 35-49)**

1. To agree the implementation of the full 4 year change and efficiency programme, including all budget investments and saving options (Appendices 6 - 7), as summarised within the Medium Term Financial Plan (Appendix 10) and the full 4 year Capital Programme (Appendix 8). Noting they are subject to on-going review and updating.

**Overall revenue budget and resulting Council Tax 15/16 (paragraphs 10-34)**

1. To note the formal consultation meetings on the budget as outlined in paragraph 10-11 and the feedback received, shown in Appendices 1 to 4a
2. To note the equalities impact assessment summary on the budget proposals, shown in Appendix 11
3. To agree the permanent transfer of £500k into the Education budget from the Council's contingency budget for funding of School based redundancies and that any unspent amounts each year are transferred into a specific reserve for this same purpose in order to manage the volatility of this issue.
4. To note the Head of Finance's recommendations that minimum General Fund Balances be maintained at £5million, the confirmation of the robustness of the estimates underlying the proposals, and the adequacy of the General Reserves in the context of other earmarked reserves and a revenue budget contingency of £1.5million

5. To note the current level of Council Tax for Newport City Council and the monetary value of various percentage increase and how this compares to levels of Council Tax at other Councils as shown in paragraph 31
6. To review changes to the draft budget proposals shown in paragraph 17
7. To recommend an overall net budget for the City Council and resulting Council Tax to the Council, noting that a formal resolution including the Gwent Police and Community Councils' precepts will be presented to Council on the 24<sup>th</sup> February.
8. Approve expenditure and use of the Invest to Save reserve in line with summary shown in Appendix 13, noting they are based on detailed business cases reviewed by Cabinet in their December 2014 meeting

### **Capital programme and Capital budget & Schemes 2015/16 (paragraphs 35-49)**

To recommend to Council the capital expenditure budget for 2015/16 as shown in Appendix 8, being the second year of the current medium term capital programme noting that slippage on current schemes, whilst shown based on current forecasts, will need to be confirmed in June.

### **Treasury Management and Annual Investment Strategies, Minimum Revenue Provision Policies and Prudential Indicators (paragraphs 50-69)**

1. To recommend the Treasury Management Policies to Council (Appendix 9)
2. To recommend the Annual Investment Strategy to Council (Appendix 9)
3. To recommend the Council's Counterparty list (external bodies for Council investments) to Council (Appendix 9)
4. To recommend the Prudential Indicators to Council (Appendix 9)
5. To recommend the Minimum Revenue Provision policy to Council (Appendix 9)

**Action by** Head of Finance – prepare budget papers for full Council in line with recommendations from his Cabinet

**Timetable** Immediate

This report was prepared after consultation with:

- Corporate Directors
- Head of Law and Regulation and People and Business Change

## **Background**

### **A 'joined up approach'**

1. As in prior years, and in line with best practice for the budget setting process; we are asking Cabinet to consider the key budget issues together and:
  - recommend a 2015/16 overall revenue budget and resulting Council Tax to the Council
  - recommend the Council's treasury management and investment policies, plus its Prudential Indicators to the Council
  - recommend the 2015/16 capital budget / schemes to the Council
2. In addition this year, we are asking Cabinet to continue to take a strategic and medium term view and agree the implementation of the Council's full 4 year change and efficiency programme, including all budget investments and saving options, as summarised within the Medium Term Financial Plan and the full 4 year Capital Programme. Noting they are subject to on-going review and updating.

### **THE MEDIUM TERM FINANCIAL PLAN**

3. The Council developed and implemented its 'Prospectus for Change 2013-17' in 2013, as part of the development of the current 2014/15 budget and medium term financial plan process. It underpins the Council's MTFP and the Council's Corporate Plan 'Standing up for Newport' and the document outlines a range of improvement initiatives which the Council would implement over a 4 year period. A change and efficiency programme was developed, supported by detailed business plans, which included the detailed change and other saving proposals to meet the predicted financial challenges known at that time. The Prospectus and Programme were key parts of the 'golden thread' that linked the Council's vision with the detailed change and efficiency projects and ultimately, annual service plans. The Cabinet approved the 4 year MTFP in February 2014, including the programme of projects outlined above, which was, more or less, balanced over the 4 years.
4. The worsening revenue grant financial settlement from Welsh Government, flagged up in the Summer of 2014 and confirmed in their 2015/16 revenue grant settlement to Newport has necessitated that significant further savings had to be found for 2015/16 as a matter of priority. The worsening grant funding outlook will continue. Therefore, the Cabinet will also now need to further develop its existing medium term organisational changes and plans as a matter of priority so that once again, the Council has an organisational plan that delivers key services which are financially sustainable.
5. The medium term financial plan (MTFP) presented at Appendix 10 is the articulation of the financial challenges and the current organisational change programmes and savings, over the next 4 years. It includes those service changes/savings which have already been approved for these years from the February 2014 Cabinet meeting and new proposals. As a 4 year plan, it should be noted that this document will inevitably develop and change as assumptions are updated or confirmed for future years.
6. The Council financial strategy continues to be to maintain key services to the public, develop improvements in how services are delivered and fund key priorities including city centre regeneration and customer services.
7. As noted above, business change/improvement and efficiency projects have been developed over the medium term, and major projects within the change programme include:
  - Strategic Commissioning in Education
  - Better procurement in Social Care
  - Alternative service delivery mechanisms in Leisure

- Alternative service provision patterns in Libraries and Arts services
- New Ways of Working across the Council
- Moving our customers to on-line services wherever possible
- Active Living / Promoting Independence within Adult Social Services

Significant one off costs will be required to implement these change and efficiency projects. Currently costs are estimated at c£9million, split between c£4m for the current financial year 14/15 spend and £5m for the next three years to 2017/18. As further saving proposals are developed for future years, I would expect this latter figure to increase. This total cost projection here is made up of c£5.5m for potential redundancy costs of c£3.5million other one off costs. These exclude any further project management costs which are likely to be required and work on identifying that is nearing completion. The funding of these amounts is considered at paragraph 24-25.

8. The detailed assumptions used in the MTFP were noted in the December 2014 Cabinet meeting when the draft budget and MTFP were agreed for consultation. There have been no significant changes to this plan since this meeting, other than those outlined at Paragraph 17
9. Cabinet is recommended to agree the implementation of the full 4 year change and efficiency programme, including all budget investments and saving options (Appendix 6 & 7), as summarised within the MTFP (Appendix 10), noting that it is subject to on-going review.

## **THE COUNCIL'S REVENUE BUDGET AND COUNCIL TAX**

### **The draft budget and Consultation**

10. During the Summer and Autumn of 2014, Cabinet Members and Directors / Heads of Service developed a detailed change and efficiency programme. Considerable consultation happened during the development of the current 'new' proposals as explained in the December Cabinet budget paper. The resulting budget proposals agreed by Cabinet in December have been consulted on as follows:
  - With Trade Unions via the Employee Joint Liaison Group (EJLG) meetings on 18<sup>th</sup> December 2014. The Unison Union has also separately responded with queries and observations. Responses are included in Appendix 1.
  - With all Overview and Scrutiny Committees in their December 2014 and January 2015 meetings where Members discussed the detailed change and efficiency programmes plus the Medium Term Financial Plan. A Joint Scrutiny meeting took place on 21<sup>st</sup> January 2015 to collate response into one document, which is included in Appendix 2.
  - With the Schools' Forum on 9<sup>th</sup> December 2014. Responses are included in Appendix 3.
  - With the public. An analysis of responses is included at Appendix 4.
  - The Council's Fairness Commission. Responses are included in Appendix 4a
  - With representatives from the business and voluntary sector on 4<sup>th</sup> February. Any issues raised will be fed back verbally at the meeting.
11. In summary, there was general acknowledgement of the financial pressures facing the Council. Whilst comments were made on a wide range of budget proposals, the main focus of comments was as follows:

#### Unions

- There was strong support for a Council Tax rise of 5% given that Newport's Council Tax was still one of the lowest in the UK.
- The need for the current level of the Council's contingency base budget was made, in light of currently good financial management.
- Concern on the impact of the proposals on jobs and redundancies was made.
- Specific concerns were raised about the central library, museum and parks/open spaces proposals both from a service provision and impact on staff viewpoints.

### Schools' Forum

- There was recognition of the financial challenges faced by the Local Authority and the increasingly difficult financial challenges in schools budgets now and into the future, at a time when performance was also expected to improve.
- The changes and reduction to school specific grants and the claw back of grant in 2014/15 from WG made matters worse.
- It was understood that the Council had funded the school funding 'pledge' and some demography pressures in special schools but there was concern that the increased expectations placed on schools and the increased numbers of children in the primary sector was not funded.

### Public Consultation

There were 2,252 surveys completed and in these, the public were asked to give opinions on each proposal, as they wished. Whilst there were 72 new budget saving proposals, only in 7 cases did most of the respondents disagree with the proposals. In all others, making up over 90% of all the proposals, there was more agreement with the proposals than disagreement.

The 7 areas where more respondents disagreed were in following areas:

- Proposal 3, parks & outdoor recreation – 150 respondents with 58% disagreement
- Proposal 4, Change delivery of museum and art gallery service – 181 respondents with 64% disagreement
- Proposal 5, Review of Public Libraries – 692 respondents with 79% disagreement
- Proposal 14, Council Tax help to Pensioner scheme – 114 respondents with 59% disagreement
- Proposal 54, relocation from Serennu centre – 206 respondents with 61% disagreement
- Proposal 55, psychologist post – 154 respondents with 43% disagreement
- Proposal 65, charging for DIY waste/rubble – 137 respondent with 59% disagreement
- Appendix 4 has further details of the results.

## **The proposed budget 2015/16**

### The budget

12. The starting point for the 2015/16 budget is the current year's budget. Whilst it is a challenging year, most services, with the exception of Education and StreetScene services are currently forecasting to operate close to or under their approved budget. Notwithstanding this, regular budget monitoring has identified a number of base budget issues that require adjustment in 2015/16 and beyond and where required these have been included in service pressures / investment proposals.

13. Funding levels for Service Areas based on the draft proposals are shown in Appendix 5 with the detailed budget investments / pressures and savings shown in Appendix 6 and 7 respectively. Proposals include c£4.6million of budget investments / pressures over and above the costs of inflation. The most significant area of additional expenditure are linked to:

- c£522k of additional funding to implement a 'living wage' policy within the Council, the second and final year of the funding plan for this. Total funding for this now exceeds £1m which will be implemented with the Council's new pay and grading scheme.
- £375K of additional funding to maintain the recycling service as WG grant reduces.
- £579k for out of area education and social care placements
- c£420k of additional funding for social care and school demographic service pressures.

14. As is the case each year, the Welsh Government (WG) transfers some specific grants into the Council's overall grant settlement. The proposals make the assumption that these are included in those Service Area budgets which were funded from the specific grants. This allows continuation of those services in the first year. Service funding levels in Appendix 5 reflect these changes.

15. Significant specific grants are received from WG each year and at this time we still await the finer details of funding levels for 2015/16. It is highly probable that we will see decreases in some of these grants. It is proposed, in line with the Council's current working policy here that Service Areas deal with these matters with Cabinet Members in terms of identifying issues as they become aware of them and developing necessary solutions to resolve them. This may involve reducing / stopping services that WG specific grants no longer fund.

Within schools, considerable change is expected from WG specific grants. The Pupil Deprivation Grant is increasing considerably again, following the very considerable increase in the current year but they are also amalgamating 11 current grants into one single grant (Education Improvement Grant), at a reduced level. Whilst the potential simplification and increased flexibility this should introduce is most welcomed, the uncertainty of funding levels is not.

16. The need to identify a significant level of savings to balance the budget, both for 2015/16 and the next three years was recognised at the early stages of budget preparation and a robust process has identified new savings of c£7million of savings over the 4 years, of which c£6.3m is for 2015/16. These are in addition to already agreed savings of c£9m of savings over the next 4 years, of which just over £4.9m is for 2015/16. The savings are shown in Appendix 7.
17. The budget process does not stop and since Cabinet agreed the detailed budget proposals for consultation in December 2014, a small number of emerging issues and opportunities have arisen for 2015/16. Additional investment and saving proposals have been developed to address these matters where necessary. These are included in the lists of 2015/16 investments/ pressures and savings in Appendix 6 & 7 and funding levels for services in Appendix 5. They are shown in the table below for the Cabinet's specific review. A full reconciliation of the MTRP from the original consultation budget papers is included at Appendix 13.

#### Changes to MTRP (2015/16 only) following December 2014 Consultation

	Inflation £'000	Investments £'000	Savings £'000	RSG/C Tax £'000	GAP £'000
<b>December 2014 Consultation budget position</b>	<b>2,360</b>	<b>4,547</b>	<b>(10,774)</b>	<b>3,904</b>	<b>37</b>
Reduction in marketing budget commitments in order to re-invest in the Council sponsorship of the Newport Food Festival, which will therefore continue.		10	(10)		
Additional savings in IS&C from maintenance and annual licensing costs of legacy systems, superseded by new CRM / Sharepoint systems			(75)		
Following public and Scrutiny consultation, re-consider the budget proposals for the central museum and library			310		
An alternative budget proposal for the library service - <i>see note below this table</i>			(233)		
An alternative budget proposal for the museum service – <i>see note below this table</i>			(112)		
Reduction in the budget proposal to increase fees/charges and/or introduce new charges, pending further work required to clarify opportunities			120		
Additional funding due to increasing tax base over and above already assumed in draft budget, net of associated impact on RSG			(280)	156	

	<b>Inflation £'000</b>	<b>Investments £'000</b>	<b>Savings £'000</b>	<b>RSG/C Tax £'000</b>	<b>GAP £'000</b>
Reduction in energy and fuel budgets due to reducing costs			(187)		
Reduction in Leisure services income targets to realistic levels – currently behind target. This will help ensure new Leisure Trust financial model is more realistic		70			
<b>Current Budget Position</b>	<b>2,360</b>	<b>4,627</b>	<b>(11,240)</b>	<b>4,060</b>	<b>(194)</b>

Cabinet should note that if they are minded to accept, in principle, the new draft budget proposals for library and museum services, further consultation with key stakeholders is recommended before formal acceptance and implementation. The proposals will therefore need to be agreed here as revised draft proposal and a formal decision on whether to accept them taken in their March/April meeting, following consultation. The need to recommend and set a balanced budget will still be met as there are proposals that meet this requirement, but it will be incumbent on Cabinet in either agreeing to these new proposals or alternatives to the same value at their March/April meeting. Outline Business cases for the 2 new proposals are shown in Appendix 14

Other draft changes above do not require further consultation and can be considered and agreed, as appropriate at this meeting.

18. Cabinet considered the schools' funding position in its December meeting, and the position here has not changed. This means that the budget proposals here fully meets the WG funding pledge for schools, with the overall school's budget funded from Newport City Council increasing by 0.6%. In addition to this, the Council is also providing additional investment for 'special school's' demographic growth at £145k.

As noted above, we await the final outcome of WG specific grants to schools and whilst the School Deprivation Grant is increasing again substantially across Wales, other grants are being amalgamated and reduced.

19. As regards fees & charges, the Council was targeting a £250k increase in fees/charges in its draft budget and commissioned a review and benchmarking of its current levels of fees/charges. The report was completed in mid-December and officers have been reviewing conclusions made. It is clear that whilst potential exists to increase fees/charges, the timescales required to complete more detailed business cases to support these means that they cannot all be confirmed at this point. Officers will use the report to carry out further business case work on opportunities and consult with Members.

In the meantime, the target has been reduced as noted above and the 2015/16 fees/charges will be confirmed by Cabinet Members reports. Cabinet will remember that this has historically been the process to agree these at Newport but for 2014/15, we incorporated these into this budget report. This is best practice and we aim to continue this from next year. In the meantime, officers are discussing and preparing the reports required with Cabinet members which will need to take into account the base level assumption of an average 4% increase in fees/charges.

## **The grant settlement (RSG) and Tax Base**

20. The finance settlement from WG is important to the financial position of the Authority. For 2015/16, this has decreased by £5.665million (- 2.63%) after taking account of specific grant transfers in/out of the settlement.
21. The tax base is the estimated number of Band D equivalent properties within the city. As this number increases, it generates additional income through Council Tax but a reduction is made to the Council's settlement from WG if any increase is disproportionate to average increases across Wales. An allowance for the increased costs of benefits is also required. For 2015/16, the tax base is 55,560.04 (2014/15 - 54,965.79.)

## **General and Specific Reserves, Contingencies and Financial Risks**

22. The proposed budget incorporates a number of assumptions in terms of likely levels of income and expenditure in future years. There are therefore inevitably a number of financial risks inherent in the proposed budget. The key financial risks are highlighted below:
  - Any overspend in 2014/15, over and above the revenue contingency budget will have a direct impact on the 2015/16 budget and level of general reserves. Whilst a relatively small overspend position is currently forecast, it is decreasing and is well within the Council's level of revenue contingency budget. In saying that, there are a number of significant base budget pressures and overspends in the current 2014/15 year and these have been considered alongside the challenging savings targets for 2015/16. Additional significant budget capacity has been provided where it was deemed necessary.
  - Saving proposals and additional income proposals in this report amount to over £11million and will need to be delivered in order to achieve a balanced budget for 2015/16. This will result in implementation costs and inevitable financial risk around full delivery of all savings. Realistic part year assumptions have been made where implementation cannot be immediate but there is an inherent financial risk around achieving changes in time to deliver the planned savings.
  - Cross cutting (Council wide) saving proposals in areas of procurement, administrative processing tasks and management/supervisory de-layering are progressing well but are behind target in their delivery timescales. No budget adjustment to reflect this has made on account of good progress in their delivery which should be substantially complete in 2015/16 and the use of the revenue budget contingency to offset the overspending here from late delivery.
  - Inflationary increases in budgets have been set at a low level, consistent with most other local authorities. Invariably, this introduces a degree of financial risk as key inflationary pressures are not known with certainty at this time but this financial risk is no higher than in any other year.
23. In terms of any contingencies and reserves, the Head of Finance needs to review these in their totality in conjunction with the base budget itself and the financial risks which face the Authority. In addition, this review should incorporate a medium term view where needed and should take into account key developments that may impact on the need for and use of one off resources. In these respects, Cabinet will be aware that the current base budget has a £2million contingency budget
24. In light of the financial risks highlighted above, a robust view is being taken on managing budget risks and protecting the financial health of the Council. This is particularly the case this year, where significant one off funds will need to be adequately planned to fund:
  - The implementation of the existing and future change and efficiency program
  - The implementation of the Council's new pay and grading scheme and final conclusions to the Council's Equal Pay settlement

- The inherent risk around the loan agreement to QRE (Newport), though no issues are yet known or anticipated.

25. Specific one off costs for implementation of the change & efficiency programme will be funded from the current Invest to Save and Pay reserve. Our forecasts indicate that there will be sufficient funds within this reserve to meet the above one off costs over the medium term. A summary of the position is shown in Appendix 13 based on the detailed business cases for draft budget proposals agreed by Cabinet in December 2014. Cabinet is requested to approve this expenditure, funded from the reserve, noting it will be regularly reported to Cabinet as part of revenue budget monitoring.

The one off costs for settlement of the Council's outstanding Equal Pay settlements and the implementation costs of the new pay & grading system will be met from the Council's Pay Reserve. Our forecasts indicate that there are sufficient funds within this reserve to meet these obligations.

26. In addition to General Reserves, the Council current budget has a base revenue contingency budget of c£2m to support the budget and in this respect:

- has not been required to deal with overspending to date but has been an essential element in making funds available to credit into reserves each year
- was increased to £2m in 2014/15 by utilising an existing budget pressure in education but at the same time the department is having to deal with very significant and volatile school based redundancy costs for which there is no base budget

Given this and the adequacy of our key reserves noted in paragraph 25 above, it is proposed that we reduce the level of contingency to £1.5m and transfer £500k into the education budget to deal specifically with costs of school based redundancy. This does not increase the risk profile of the budget in overall terms as that cost is currently not funded within the education budget and a reduction in contingency is effectively matched by funding for this significant unbudgeted cost. Given the volatility of costs here and the very real prospect of costs exceeding this in some years, this budget should be ring-fenced for this purpose and any under-spending transferred into a new school redundancy reserve wherever possible to manage the on-going volatility here.

A key consideration in doing this is the recent development with School head teachers who have agreed to make a limited and capped amount of funding from school budgets available to cover redundancy on a year on year basis. This funding source will be the first to be used to fund these costs and then the newly created budget will fund any additional costs. We will need to work further with head teachers to make the funding more flexible and long term but the current development is very welcome.

27. A 'rule of thumb' analysis for determining the level of general reserves suggests this is at least 5% of net revenue expenditure (excluding schools' budgets), unless a formal risk assessment justifies a lower level. This implies a level of c£8.7million for Newport. However, taking the approach outlined above:

- Whilst it is accepted that as significant budget reductions are made it invariably introduces financial risks, Newport has a reputation of managing within its budget.
- Budget risks have been addressed in the proposals, including school based redundancy costs
- Protection against budget risks is provided through earmarked reserves and contingencies. Whilst no general revenue contingencies reserves are currently held (excepting the base budget provision), the Council has a number of earmarked reserves for known but not always easily quantifiable financial risks.

28. In the context of the above and the financial risks inherent in the proposed budget, it is recommended that the minimum level of general reserves remain at £5million, supported by the revised base budget contingency of £1.5m.

29. The base budget contingency built into the budget, alongside the level of recommended general and earmarked reserves, reflect the overall potential financial risk associated with delivering the budget proposals in 2015/16. With general reserves, this provides sufficient capacity to cover financial risks. In light of this approach, the Head of Finance, as part of his S151 responsibilities, is content that the 2015/16 budget as proposed is robust.

### Proposed Budget & Council Tax Level

The table below shows the available and required budget funding with a 5% increase in Council Tax. Cabinet will be aware that there has been a 4% increase implicit in our MTFP planning parameters and there is a further 1% included in the draft budget proposals. In setting Council Tax, the Council needs to be aware of the need to set a balanced budget.	<b>5% Increase</b>
<b>Council Tax at Band D at 5%</b>	£938.03
<b>Budget requirement</b>	<b>£000</b>
Base Budget 2014/15	263,930
Inflation & Re-pricing adjustments	2,360
<b>BASE BUDGET 2014/15 (before investments/savings)</b>	<b>266,290</b>
Budget investments – (£4,627 shown in list of pressures plus increase required in Council Tax Benefit based on 5% Council Tax increase)	5,227
Budget savings – (£11,240 shown in list of savings less 1% additional council tax and tax base increase impact which are included in ‘funding’ section below)	10,340
<b>DRAFT BASE BUDGET 2015/16</b>	<b>261,177</b>
<b>Funding available</b>	
Final WG Settlement	209,254
Current Council Tax at new tax base	49,635
Increased Council Tax @ 5%	2,482
<b>Total</b>	<b>261,371</b>
<b>Balance available ‘in hand’</b>	<b>+194k</b>

30. Before Cabinet can recommend a budget to Council, it now requires decisions based around the figures shown in the above table. These decisions include:

- Delete specific saving items
- Providing additional capacity within services
- Fund new initiatives and policies
- The level of Council Tax increase required to balance the budget. A 0.1% reduction in Council Tax equates to £38.2k

31. For contextual purposes, the table below shows the monetary impact of different percentage increases in Council Tax and current values at other Welsh Councils. Given the low starting point on Newport Council’s tax, it will still be lower than most of the Council’s shown, even at the 5% increase level and the actual monetary increases in tax are low in themselves. Newport City Council tax will maintain its position as one of the lowest in Wales.

<b>Percentage Increase</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>
<b>Newport Band D Tax 2015/16</b>	£902.29	£911.23	£920.16	£929.09	£938.03
<b>Increase per annum</b>	£8.93	£17.87	£26.80	£35.73	£44.67
<b>Increase per week</b>	17p	34p	52p	69p	86p
<b>Comparison with existing Band D Council Tax (rounded)</b>					
<b>Current year (2014/15) before any increase</b>					
Caerphilly	£955				
Wrexham	£967				
Cardiff	£976				
Torfaen	£1,048				
Swansea	£1,080				
Monmouthshire	£1,043				

### **Equalities Impact Assessments**

32. In delivering its services the Council has to be mindful of its duties to discharge its statutory obligations for Equal Pay, Disability Discrimination Act (DDA) and other equalities legislation including The Race Relations (Amendment) Act 2000 and the Equality Act 2006.
33. The Council carries out an impact assessment to identify equalities issues across the breadth of the budget as part of the MTFP and annual budget setting process to inform spending decisions. As part of the budget process, equalities implications are considered for all budget proposals and an EIA is carried out by the relevant service manager, supported by the Council's Policy team.
34. Appendix 11 provides an overarching impact assessment as well as the impact assessment for all those new saving proposals individually listed in Appendix 7, showing any issues, after mitigation, of any equalities issues that Cabinet and Council need to be aware of.

### **THE COUNCIL'S CAPITAL BUDGET**

35. The Council's capital resources come from four main sources:
- i. Supported borrowing allocation from Welsh Government
  - ii. Unsupported or "Prudential" borrowing
  - iii. Capital receipts from the sale of Council owned assets
  - iv. WG General Capital Grant/ other external grants and contributions
36. In reality, there is little difference between (i) and (ii) as they are both 'borrowing' and the Council is required to identify a revenue budget to fund the financing costs that result from this type of capital expenditure (i.e. capital principle repayment – MRP, and interest charges).
37. In February 2014 a four-year capital programme was approved as part of the budget setting process, for the years 2014/15 to 2017/18. Over the course of 2014/15, the programme evolved to reflect the requirements and priorities across the Council. New schemes were approved (nearly all funded from external sources of funds) and added to the budget, as well as existing schemes being re-phased between financial years to reflect changes in deliverability.
38. The remaining three-year capital programme is detailed in Appendix 8. The 2015/16 budget includes slippage that has occurred against schemes in the 2014/15 programme, based on forecast outturn as at the end of month 8. This is subject to change, as it is only when the final outturn position is confirmed at the end of March (for reporting in June) that the final slippage figures can be incorporated into the 2015/16 (and subsequent years') programme.

39. The current programme will also be subject to change over the remaining three years as new priorities emerge and successful capital bids for new schemes are added to the budget.

### **Key schemes on-going in the current Programme**

40. The remaining three-year programme (detailed in Appendix 8) includes the following key schemes:

- Full budget allocations required to fund Welsh Medium Secondary School Provision (£17m) and Refurbishment works (£4m) at Duffryn High School. This scheme is in the process of being formally approved by Welsh Government following recent submission of the business case, and is funded via a combination of NCC funding, external grant, and other authority contribution.
- 21<sup>st</sup> Century Schools – work continues across the various strands within the overall £15m programme, which is 50:50 funded by WG grant and NCC capital receipts.
- Vibrant and Viable Places grant allocation of £4.042m (Year 2) and £4.311m (Year 3), following on from the 2014/15 (Year 1) allocation of £6.636m. Underspends within each year of this grant cannot be carried forward into subsequent years.
- The Fleet Replacement Programme continues, with approximately £7.2m budget available for the period 2015/16 – 17/18.

41. An amount of £9.419m remains reserved for schemes relating to the Change and Efficiency Programme that are yet to be determined. This amount remains flexible and will be reduced if actual need turns out to be lower than currently anticipated.

42. The revised capital programme also includes new allocations, funded by borrowing, as follows:

- Streetscene Capital Maintenance budget increase of £200k p.a. to address priority safety issues around street lighting. The Highways Department can use their total maintenance budget flexibly to meet priorities.
- An allocation of £280k for Security fencing works at Bassaleg Comprehensive School
- Essential structural works at Central Library £500k.

43. As noted above in paragraph 40, the revised programme now includes the full allocation for the Welsh Medium Secondary School works, which represents an increase of £11m compared to the allocation originally approved in February 2014. This is a presentational change and not a change to the programme schemes

44. The table below shows the current approved four-year programme compared to the proposed remaining three-year programme based on estimated 2014/15 outturn. The total increase of circa £12m is as a result of the schemes identified above.

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	Total £000's
Current Approved Programme as at December 2014	47,072	22,384	15,728	14,296	99,480
Remaining Three-Year Programme to be approved February 2015	26,383*	36,682	28,629	20,063	111,757
<b>Change</b>	<b>-20,689</b>	<b>14,298</b>	<b>12,901</b>	<b>5,767</b>	<b>12,277</b>
<b>Change Funded by:</b>					
General Capital Grant	1	101	0	0	102
Supported Borrowing	2	168	0	0	170
Unsupported/ Prudential Borrowing	-13,264	7,198	6,989	7,635	8,558
Capital Receipts	-5,347	1,295	2,662	-2,243	-3,633
Other External Grants	-1,904	4,671	3,250	375	6,392
Revenue Contributions	147	140	0	0	287
S106 & Other Contributions	-324	725	0	0	401
<b>Total</b>	<b>-20,689</b>	<b>14,298</b>	<b>12,901</b>	<b>5,767</b>	<b>12,277</b>

\*forecast  
t outturn

45. The final capital settlement for 2015/16 from Welsh Government is a small improvement on the indicative allocations previously announced. As a result the Supported Borrowing and General Capital Grant allocations have been increased slightly for 2015/16. Due to uncertainty around spending plans from Central Government, WG are unable to provide indicative settlement figures for 2016/17, so for the purposes of MTRP forecasting the estimates for 2016/17 and 2017/18 remain unchanged.
46. External grant funding continues to be an important source of funding for specific capital schemes, with the remaining three-year programme being 29% grant funded. The organisation will continue to seek opportunities to secure external funding to finance both existing schemes and new priorities that may emerge.
47. As previously agreed by Cabinet, the majority of capital receipts funding is earmarked for use on the 21<sup>st</sup> Century Schools programme, as match funding against WG grant. The useable capital receipts balance at 31<sup>st</sup> March 2015 is estimated to be circa £6.3m, with a further £4m forecast to be received by the end of 2017/18. This forecast is clearly uncertain at the moment and will depend on the property market over the coming years, so a conservative estimate has been used to inform the funding of the remaining three-year programme.
48. While the Council is continuing its strategy of minimising its long term borrowing requirements and funding as much of the capital programme via ready 'cash' sources (grants, capital receipts, contributions), it is recognised that in certain cases this may not be possible due to limited availability of cash resources. The remaining three-year programme assumes that undertaking new borrowing is unavoidable, but it should be noted that this borrowing requirement could reduce if forecasts of capital receipts are achieved/exceeded and not used to fund further new schemes.
49. The table below shows the capital financing revenue budget required to fund the remaining three-year capital programme.

	2015/16 £000's	2016/17 £000's	2017/18 £000's	TOTAL £000's
Capital Financing Budget Required	21,744	22,801	23,417	67,942

## **TREASURY MANAGEMENT STRATEGY & PRUDENTIAL INDICATORS 2014/15**

50. The Council is involved in two types of treasury activity:

- Borrowing long-term for capital purposes and short term for temporary cash flow
- Investment of surplus cash

51. These activities are controlled primarily via the Council's Treasury Management Strategy and various measures and limits set via its Prudential Indicators to regulate/control the implementation of that strategy.

52. CIPFA requires local authorities to determine their Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. This is approved by full Council following a recommendation from the Cabinet. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Welsh Government's (WG's) Investment Guidance.

53. Our detailed Treasury strategies for 2015/16 are included at Appendix 9. In addition planned strategies to 2018/19 are also included, in line with the Council's 5 year Medium Term Plan. Key points of interest are summarised below.

### **Borrowing Strategy**

54. The Council has significant long term borrowing requirements but in recent years, the strategy has been to fund its capital expenditure from reducing investments rather than undertaking more expensive new borrowing. This is because the rates achievable on the Council's investments are lower than the rates that would be payable on long-term borrowing.

55. In terms of the revenue budget, the Council must ensure it sets aside sums to repay capital expenditure funded from borrowing (irrespective of whether the borrowing itself is undertaken externally or through dis-investing). This is done via the 'Minimum Revenue Provision' (MRP) and actual interest payable budgets, which are based on predictions of actual external borrowing. Both are discrete budget lines in the Council's overall revenue budget.

56. Local Authorities measure their underlying need for long-term borrowing through their 'Capital Financing Requirement' (CFR). This takes into account the amount of capital expenditure that needs to be funded through borrowing, (as opposed to external funding - from cash grants, capital receipts or S106 contributions for example) irrespective of whether the borrowing itself is undertaken externally or through dis-investing.

57. In addition to normal planned capital expenditure, in December 2013 the Council approved a loan of up to c£90million to Queensbury Real Estates (Newport) Ltd (QRE) to fund the building of the Friars Walk Development. Technically, this is classed as 'capital expenditure' and this allows the Council to borrow itself in order to have funds available to lend to QRE (Newport), though as a loan transaction, it is not a discrete line within the Council's capital programme. The borrowing associated with this loan will be identified separately from the Council's other borrowing requirements. The loan is planned to be paid off in full via a capital receipt (repayment of the loan by QRE (Newport) ) by June 2017. On this basis, the Council will not be required to make MRP charges to the revenue budget in relation to the Friars Walk Development loan as the borrowing will be paid off in full at the end of the scheme.

58. The table below shows the estimated Capital Financing Requirement/ New Net Borrowing Requirement position for Newport City Council for 2014/15 to 2018/19:

## Newport City Council – CFR

	31.3.15 Estimate £m	31.3.16 Estimate £m	31.3.17 Estimate £m	31.3.18 Estimate £m	31.3.19 Estimate £m
CFR	319.9	376.6	375.7	285.4	274.4
Less: Other long-term liabilities	-51.3	-49.3	-47.4	-45.5	-43.8
<b>Borrowing CFR</b>	<b>268.5</b>	<b>327.3</b>	<b>328.3</b>	<b>239.9</b>	<b>230.6</b>
Less: Existing External borrowing	-163.1	-159.3	-156.2	-135.3	131.0
<b>Borrowing Required</b>	<b>105.40</b>	<b>168.0</b>	<b>172.1</b>	<b>104.5</b>	<b>99.7</b>
Less: Usable reserves	-68.3	-58.5	-52.7	-52.8	-52.8
<b>New Net Borrowing Requirement</b>	<b>37.1</b>	<b>109.5</b>	<b>119.3</b>	<b>51.7</b>	<b>46.9</b>

59. As the table shows, the inherent 'need to borrow' as shown by the CFR is predicted to be £376.6million in 2015/16.

60. Given **current** borrowing levels a further £168m would need to be borrowed to fund capital expenditure during 2015/16. However, taking account of cash backed reserves , this reduces the need to borrow to £109.5m\*

\* This

incorporates projected new long term borrowing of approximately £72m, which is anticipated to be required before the end of the 2015/16 financial year associated with the Friars Walk Development

61. The Authority will adopt a flexible approach to any borrowing necessary in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:

- Affordability
- Maturity profile of existing debt
- Interest rate and refinancing risk
- Borrowing source

### Investment Strategy

62. The Authority holds minimal invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £20m and £0 million, and similar levels are expected to be maintained in the forthcoming year.

63. **Objectives:** Both the CIPFA Code and the WG Guidance require the Authority 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 Authority's objective when investing money is to strike an appropriate balance between risk and return.

64. Given the increasing risk and continued low returns from short-term unsecured bank investments, all of the Authorities surplus cash is currently invested in short-term unsecured bank call deposits or Debt Management office (government fixed deposits).

65. **Approved Counterparties:** Whilst investment funds remain available and based on the treasury management advice from Arlingclose; the Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown:

**Table 2: Approved Investment Counterparties and Limits**

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	Not applicable	Not applicable	£ Unlimited 50 years	Not applicable	Not applicable
AAA	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
AA+	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
AA	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
AA-	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
A+	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
A	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
A-	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
BBB+	£4m 6 months	£4m 6 months	Non UK Govt. Not applicable	£4m 6 months	£4m 6 months
BBB or BBB-	£4m overnight	£4m 6 months	Non UK Govt. Not applicable	Not applicable	Not applicable
None	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Pooled funds	Not applicable				

66. Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. Whilst the credit ratings score drives the approved listing, the day-to-day operational counterparties are generally limited to named counterparty listing as documented in Appendix C. However, where it is prudent to do so the Authority may also use other approved investments based on the approved credit ratings as documented in the table above.

67. A more detail explanation of the different approved counterparty types are included in Appendix 9 but for the sake of clarity, the Council's investment strategy will, as per the Welsh Governments Investment Guidance, give priority to security and liquidity and will aim to achieve a yield commensurate with these principles. With this in mind the total amounts invested in any individual counterparty has been reduced from £8m to £4m to mitigate the risk to the Authority, however small the risk.

### **Prudential Indicators**

68. The Council must establish certain 'checks' required by CIPFA to ensure that its Treasury Management Strategy is operating effectively. These are known as Prudential Indicators, and they will be reported to the Council on a 6 monthly basis.

69. Examples of our key indicators are noted below; again more detail is supplied at Appendix 9

### **Net Borrowing/Capital Financing Requirement**

The Council's net borrowing should not exceed its Capital Financing Requirements as outlined earlier. This ensures that borrowing is only used to finance capital over the long term. The Council does not note any difficulty in meeting this requirement.

## Financing Costs to Net Revenue Stream

There will be financing costs to our borrowing requirements and this ratio shows these costs as a percentage of the Council's revenue budget. The ratio for 2015/16 is 8.8%.

## Risks

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

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Budget savings not delivered	M	L	(i) robust business case processes (ii) robust budget monitoring (iii) programme governance (iv) service planning (v) retention of reserves and budget contingency	Head of Finance Heads of Service
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	Directors / Heads of Service Head of Finance
Unforeseen Pressures	H	L	(i) retention of reserves and budget contingency (ii) robust budget review	Head of Finance Directors / Heads of Service

\* 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.

## Options available

Taking a strategic and medium term view Cabinet should approve the 4 year change and efficiency programme as summarised in the MTFP, though they could approve 2015/16 proposals only. For 2015/16 Cabinet must agree a recommended Council Tax and overall revenue budget to Council. Cabinet have various options open to them on the detailed change and efficiency programmes contained within this report.

## Preferred Option and Why

That Cabinet continues to approve a 4 year change & efficiency programme and the detailed projects over the 4 year period.

Cabinet must set a balanced revenue budget and recommend the related Council Tax amount required for this level of spending to Council.

## Comments of Chief Financial Officer

The financial implications stemming from this report are contained within the body of the report. It is recommended that the revised proposals in the library and museum services are consulted on as needed.

It is noted that the proposals here and the current 'balance in hand' include the revised proposals in libraries and museum services and that any recommendation on Council Tax to full Council that include this means that a balanced budget is still being approved but that these elements are subject to a final decision following consultation. Cabinet should make a final decision on the proposal as soon as consultation ends and if minded not to approve them, must replace with an alternative proposal.

### **Comments of Monitoring Officer**

The Revenue Budget Report has been prepared in accordance with the requirements of the Local Government Act 2003 and the Local Government Finance Act 1992. In accordance with Section 25 of the 2003 Act, the Cabinet must have regard to the advice of the Head of Finance, as the Council's Chief Finance Officer, regarding the robustness of the budget estimates and the adequacy of the financial reserves. This advice must be taken into account when considering the proposals in the Report and in making recommendations to Council regarding the budget and the Council tax rate. In accordance with the Functions and Responsibility Regulations, agreeing the budget and setting the Council Tax rate under the 1992 Act is a matter for full Council. Therefore, the recommendations of the Cabinet will be subject to ratification and approval by full Council, insofar as they relate to the budget and Council tax proposals for 2015/16.

However, the implementation of the individual proposals within the medium term efficiency and change programmes are executive matters for the Cabinet, provided that they are in accordance with the general budget framework set by the Council before the beginning of each financial year. Therefore, Cabinet is able to approve the 4 year programme as set out in the MTFP, subject to future budget decisions.

### **Staffing Implications: Comments of Head of People and Business Change**

The change and efficiency programme outlined in the report will have a direct impact on employees across the Council, including, potentially, schools. Changes to structures and staffing will be required to make the necessary savings. This programme will be supported through Human Resources, ensuring that the Council's services are financially sustainable into the future and continue to deliver high quality to Newport's citizens. The change programme will need to incorporate meaningful consultation with trade unions and affected employees and this has already commenced.

The Council will aim to minimise the impact of the budget proposals on employees across our services, and a number of actions are currently being undertaken to assist in this e.g. restrictions on recruitment, reduction in use of agency staffing and overtime. However, given the scale of the challenges facing the Council over the next 5 years, it has to be recognised that the Council cannot rule out having to make redundancies. All employees directly affected will be supported by the provisions of the Council's Job Security Policy, which aims to minimise compulsory redundancies and retain employees in our employment wherever possible.

### **Comments of Cabinet Member**

N/A

### **Local issues**

The budget proposals as shown affect the city as a whole although some specific proposals may affect certain localities more than others.

### **Consultation**

Wide consultation on the budget has been undertaken, as outlined in paragraph 10 of the report.

### **Background Papers**

Equalities Assessments on saving proposals.

## **Appendices**

- Appendix 1 Business, Union and 3<sup>rd</sup> Sector Consultations
- Appendix 2 Extracts from OSF Minutes
- Appendix 3 Extracts from Schools Forum Minutes
- Appendix 4 Public responses to budget consultations & Responses
- Appendix 4a Fairness Commission review
- Appendix 5 Service Area Draft Budgets
- Appendix 6 Budget Investments
- Appendix 7 Budget Savings
- Appendix 8 Capital programme/budget 15/16 and further 3 year program
- Appendix 9 Treasury Management Strategy and Prudential Indicators
- Appendix 10 MTFP
- Appendix 11 Summary of equalities Impact Assessment
- Appendix 12 Reconciliation of movements since Budget Consultation
- Appendix 13 Invest to Save requirements - summary position
- Appendix 14 Revised outline business cases – library & Museum proposals

# Minutes

## Employee Partnership Forum

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Date 18 December 2014

Time 10.00am

Present Councillor Giles ( in the Chair ), Councillors Wilcox and Davies, P Short, P Garland, R Ormerod , I Reese and S Davies ( UNISON ) , M Thomas and R Tollman ( NASUWT), D Rees ( NUT ), G Lucas and R Hayward ( GMB ) and R Hughes ( NAHT )

Officers in Attendance D Wood-Lawson ( Head of People and Business Change) ,N Lewis ( Human Resources Manager ) , R Jones ( Assistant Head of Finance - Accountancy ) , K Pritchard-Parton (Total Reward Project Manager ) , K Rogers ( Health and Safety Manager ) and R Bailey ( Democratic Administrator ).

Apologies for Absence M Lavis ( Unison)

### **Budget Proposals 2015-16**

The Head of People & Business Change referred to the budget proposals which had been sent out to all trade unions following consideration by Cabinet earlier in the month.

Reference was made to the consultation process which expires on 14<sup>th</sup> January 2015. Thereafter, an update report to be submitted to Cabinet that month with a final set of proposals to be considered by Cabinet / Council in February 2015. Comments expressed previously by the trade unions had been taken on board. In addition separate meetings had been held with various trade unions, together with receipt of written questions which were being addressed.

The Unison representative referred to a recent e-mail sent from the Strategic Leadership Team advising staff not to discuss the proposals through the social media. There was confusion as to whether this applied to staff in their own time. The Head of People & Business Change explained the rationale behind the correspondence but would take the comments back to ensure there is no confusion. It was agreed that the issue of social media needed to be looked into to ensure there was clarity in this respect. The present policy on social media is on a list of reviews next year to ensure the document is fit for purpose.

The Unison Regional Organiser raised queries on the following specific proposals:

**(i) Annual Base Budget Contingency Fund** – The sum of £2 million was earmarked for this fund and the question was asked as to the outturn in the previous financial year and the surplus figure. The Assistant Head of Finance commented that work was still ongoing on monitoring the November figures but it was anticipated there would be an overspend of £623K. The contingency figure of £2 million would likely be used for redundancy payments but further specific information would be submitted in this regard.

**(ii) Council Tax** – The proposed 5% levy for the Council tax was raised. It was noted that the percentage figure was an assumption at this point and that the final decision rests with Council in February 2015.

**(iii) Major New Projects** – Proposals affecting the Library / Museum / Art Gallery , Review of the Library Service and Social Care : Procurement Strategy were raised. The Head of People & Business Change advised that the queries would be taken back to the SLT. The Capital Budget proposals would be considered as usual in the January / February cycle. The possibility of reduction in capital projects and implications on staff in the Street Scene service area was discussed and it was proposed that a separate meeting be arranged involving the Interim Head of Streetscene as soon as possible.

The implications of the proposed transfer of the Leisure Service and Riverfront provision on staff were raised. In addition, the transfer of the Park Ranger Service had implications on service provision not least the health and safety requirements for playground equipment where only statutory provision is presently proposed. The Human Resources Manager advised that meetings had been held on this significant challenge and the trade union views would be welcomed as part of the consultation process. The Head of People & Business Change commented on the Councils Prospective for Change over the next three years and the need to consider such proposals as the options available to the Council are limited.

The GMB regional organiser concurred with the concerns of Unison on the safety considerations of playground equipment. The Chair took the comments on board and assured that these would be considered prior to any final decisions being made. It was noted that the Council had commissioned Deloittes to look into sources of income to ascertain any options available to the Council in this regard. A copy of this report would be shared with trade union representatives.

With regard to the proposals affecting the Museum and Art Gallery, it was noted that these were subject to the outcome of the Library Service review but that further information would be forwarded by the Interim Head of Continuing Learning & Leisure . The Unison representative advised that their concerns were being addressed by the Head of Service and that a meeting had been arranged. The Chair emphasised that the Museum / Art Gallery premises was not fit for purpose as there was a backlog of £2.5 million maintenance works outstanding. The Council was looking into all options to continue provision of this service. Meetings with regard to the Youth Service proposals were also underway with trade unions.

Reference was made to the varying timetables for consultation on the proposals which was acknowledged. The Human Resources Manager advised that he would profile when potential redundancies take effect and this would provide clarity on the timescales involved. Details would be sent out in due course. With regard to the query from the GMB regional organiser on bumped redundancies , it was confirmed there was a central list of people who had applied for voluntary redundancy and where possible would be matched up to avoid compulsory redundancies.

The NUT representative reiterated concerns on the demographic pressure on schools and the cuts being made by Welsh Government in this area. Schools were taking on more children with some having to travel large distances due to Welsh Government rules. However, the proposal to honour the school pledge was welcomed and the additional £655k for schools. The Cabinet Member for Education and Young People noted the concerns and stressed the fact that resources were finite but continued lobbying would take place with Welsh Government. It was also proposed to meet the teaching unions with the Chief Education Officer to discuss this issue further.

### **Agreed**

To note the report and that further talks be held on specific budget proposals as referred to above.

## E-mail sent to Leader of Council by Peter Short – Unison.

Dear Cllr Bright

I have been advised by the Head of Finance to write to you directly as Council Leader and Cabinet Chair about the Council's 2015/16 Budget

Thank you once again for inviting us to make comment.

UNISON's comments largely reflect those raised at the Special EPF on 18 December 18.

- It is a regret to all that for the fifth consecutive year the budget savings proposals entail significant numbers of redundancies. As always, we are sure that the Council will use its best endeavours to avoid compulsory redundancies, though we believe that task is becoming increasingly difficult. We wonder whether more use could not be made of 'cross matching' underpinned by a further Council wide trawl for expressions of interest in voluntary redundancy.

This year's proposals envisage the deletion of 58 posts and additionally previously agreed reductions arising from *New Ways of Working* and *Right people, Right Skills, Right Place*

- We await confirmation of the out turn for 2013/14 but understand it to be 'healthy'. While we understand the reasons for and the use of the annual base contingency, is it set at the right level?
- Much attention has been focussed, not least by the Welsh Government, on the level of Council Reserves. We understand the position on the General Reserve but would appreciate being 'signposted' to information on 'earmarked reserves', which we assume are being regularly reviewed.
- While UNISON believes that the Council Tax is regressive, in the current financial climate, we are pleased to see that the Council has been bold by proposing a 5% Council Tax rise, particularly as its Council Tax is still one of the very lowest in Britain

Turning then to the detailed savings proposal. All cuts are a worry but we have decided to concentrate our comment on certain priority areas and those with the most significant staffing implications, our primary concern:

The proposals for the Newport Museum and Art Gallery (4) are particularly worrying. We appreciate that the future of the Museum is linked to future Library provision and vice versa.

Surely, while not perfect, the building is not at the end of its useful life and can be sustained

A few years ago staffing was at 25 fte that will be reduced to 2 by the current proposals.

An invaluable community resource and service will be lost or massively diminished.

The Friars Walk Development must have temporarily affected usage and that development will surely be immediately 'blighted' if the Museum building were to fall into disuse, while at the same time 'city centre footfall' would be rising. One wonders how much thought has been given to the future storage (and cost) and security for valuable and fragile collections. We understand that CYMAL accreditation might be threatened and future grant income endangered.

Surely these proposals need to be rethought, particularly bearing in mind major public concern which our members as Newport citizens share. Surely the Town Centre should have a significant Council owned Community asset

The proposal for libraries(5) are equally concerning. All options represent significant reduction in services and jobs.

As the OBC indicates, staffing levels have already dropped from 52.72 (10/11) to 38.25, in 2014/15 and a further reduction of upto 13.35 fte is now being proposed. Surely there has to be a limit to how much reduction this statutory service can be expected to take. Furthermore, the OBC state, 'the availability of a library service is one of the indicators used in identifying lower super output areas'

There is no confidence that current Central Library users will use the new Hubs.

Any proposal that would remove the Library from the City Centre would be extremely disappointing and unpopular and also, as we say above, would jeopardise the future of the Museum.

The Reference Library is a sub regional resource with many very valuable papers, books , records and manuscripts. As with the Museum, one wonders what thought has been given to the storage, transfer or disposal of the collections and the book store.

Once these facilities are removed they will be extremely difficult to replace.

Any suggestions that volunteers will be used to 'prop up' this statutory service through job substitution will be resisted for all the reasons you would understand. Our experience is that most genuine volunteers are not interested in substituting for paid workers.

**Since drafting the above, we understand that a Joint Scrutiny Report has been produced, which, if adopted, will significantly change the Budget proposals. We clearly expect to be further consulted on any changes.**

The transfer of Parks and Outdoor Recreation from CLL to Streetscene carries with it a significant reduction in Leisure Attendant posts which will surely adversely affect security and safety with an acknowledged 'noticable impact on service delivery'. 5 Fte posts are to be removed, reducing visits and play ground safety checks.

Yours sincerely,

Peter Short  
Regional Organiser

Stephanie Davies,  
Newport Secretary

On another matter but related matter, we note that the Council is proposing to launch a major project on 'new commissioning and procurement strategies within social care'. Could we suggest that the Council, bearing in mind its commitment to social justice and fairness, as part of that project, considers the introduction of arrangements by which the employment contract conditions of provider staff are monitored, particularly for payment of the National Minimum Wage for all hours worked and the use of zero hour contracts

## Appendix 2 Extracts from OSF Minutes

### **General Comments about the Budget Process:**

- It was suggested that the on-line budget consultation should be reviewed to improve access and approach by the public to the consultation process. *(SSRS 8/1)*
- A more strategic approach to preparing savings was mooted. There was a need to expand the programme in 2015 to meet the required savings over the next four years in a strategic way. *(SSRS 8/1)*
- Members referred to perceived variances between Budget Consultation feedback and proposed Improvement Priorities, e.g. there was little Budget feedback on prioritising services for Children and Young People, given the age profile of respondents, which could result in issues in convincing the public of those proposed Improvement priorities. There was broad support for this comment from another Member but it was pointed out that when the Committee had looked at the Interim Budget Consultation update, they had made a number of recommendations about inviting consultation from Young people and they would like to see some reflection of this service included in the Improvement Priorities. Consultation on the Budget and Improvement Priorities need to be co-ordinated so there's not a contradiction between them. Following the recommendations made by Members previously to invite more consultation on the Budget from Young People, a further push had been arranged, however although the proportion of younger people grew it was not significant and the bigger question remained about why younger people were not engaged. *(CPD 14/1)*
- Members highlighted the positive joint meeting that had been held between the Community Centres and Libraries Policy Review Groups. The resulting report would be presented to the joint meeting of the Scrutiny Committees on 21 January 2015, and if agreed then forwarded on to Cabinet. *(CPD 14/1)*

### **Comments on Specific Proposals:**

#### Appendix 2 – List of New Budget Investments

- **Item 1: Newport Matters** – It was suggested that a move away from paper versions of this publication to a virtual production could also save money. A Member suggested expenditure on paper copy would be imprudent when electronic publication could avoid printing costs. *(SSRS 8/1)*

Members proposed a reduction in the number of editions in the short term and increasing advertising as new businesses open in the redeveloped city centre in the longer term. *(CPD 14/1)*

- **Item 2: Welsh Translation** – There is not a large Welsh speaking population in Newport and there are other more predominant second languages, but Members recognised the legal obligation and the service secured with Caerphilly at a fraction of the potential cost. *(CPD 14/1)*
- **Item 5: Out of County Placements** – The funding arrangements for children in Newport schools with support and should they leave were clarified. It was the Council's policy to

maintain pupils in Newport as far as possible. Support to achieve this is sought after vigorously by the LEA. In each case, a school would receive formula funding for each pupil and extra support for deserving cases. It was intended to target investment at £400k in 2015/16. (LCL 17/12)

▪ **Item 8: Savings from Prior Years** (CPD 14/1)

At the earlier CPD budget workshop it had been explored whether this figure could be reduced and it was explained that three projects were still on-going and officers were doing what they could to address this. At the Committee meeting on 14 January, Members requested further information on the detail to be presented to the joint Committee on 21 January. The figures indicated that the cost listed against this heading was in the region of £0.25 million, Members stressed that as this figure represented savings that had been forecast but not achieved, an explanation that was more detailed and thorough than one line of text against the figure was required.

As requested, further explanation was provided at the Joint Committee meeting by the Head of Finance.

- **Item 9: Total Reward** – It was commented that there were expensive budget investments for the next 3 years. It was explained that the investments included the cost of putting in a new pay and grading system, pay protection to reduce pay overtime and also paying those who were previously underpaid which is at the heart of the single status report. It was clarified that further positions being lost had been factored into the pay model and included in the figures. (CPD 14/1)
- **Item 11: Public Protection** – It was clarified that this new budget investment related to an increase in statutory fees which exceeded the prediction. (CPD 14/1)
- **Item 12: Fostering** – Members questioned why there were no figures associated with this proposal. It was explained that this was highlighting a future pressure as a result of changes to legislation, but figures could not yet be forecasted as the details were still being determined and the true future impact was not yet known. (CPD 14/1)
- **Item 14: External Legal Fees** – From the current budget of £512k, an overspend of 40-50k was likely. The expenditure incurred from this provision included activities including gathering evidence, additional assessments ordered by the Judiciary and similar associated action. (LCL 17/12)

It was explained that this related to new legislation to speed up family legal proceedings and associated increased legal costs. It was further clarified that while they may be pressures the following year, the costs may be contained. (CPD 14/1)

- **Item 15: Section 28 Funding** – It was questioned why there was a shortfall between the budget and the level of funding received from ABHB. It was explained that Welsh Government pass-ported money to ABHB without an inflationary increase and it was not expected. It was clarified the £20k pressure related to funding provided of £2M. There was to be a review with ABHB on the purpose of the funding. It was commented that the funding should come direct from WG. There was unhappiness about this in the Committee and that perhaps there was a need to raise this with WG. If the Council withdrew Community support it would have a

disastrous impact on the Health Service. It was clarified that the next SLA was expected to tackle some of these funding issues. (CPD 14/1)

- **Item 17: Telecare** – Members questioned the reasons for the overspend on the Telecare budget. This was as a result of new contracting arrangements, which had been retendered quickly after Newport City Homes gave notice on the previous contract. This service was key to the prevention agenda. In terms of the stock transfer, there was no specific requirement for NCH to continue as a provider of Telecare services, and they had decided to cease the service provision as it was running at a considerable loss to the organisation. NCH also had to tender for contractor organisations to provide the service for its own tenants who required telecare services. The increase in the NCC budget for Telecare therefore had two primary influences, firstly, that the cost more accurately reflected the cost of buying this service from a service provider and secondly, an increase in the number of individuals that NCC would hope to purchase this service for in order to enable them to continue to live independently.

### **Appendix 3 – List of New Budget Savings**

- **Item 4: Change delivery of Museum and Art Gallery Service in the City** – The Committee noted that a review of options for the Museum & Art Gallery service was being carried out alongside that of the Library service review, which could involve moving from the current location, whilst retaining access to the collection and art works through temporary exhibitions and events at different venues, pending moving to a smaller permanent site. The Committee decided to establish a Policy Review Group to address the task. (LCL 17/12)

Further comments were made at the joint meeting. Members had concerns regarding reducing the service and emphasised its importance in terms of the culture of the city. The Strategic Director – Place updated Members on the latest position, it was explained that there were further proposals on the agenda relating to Community Centres and Libraries and that there were no longer plans to move the Museum from the Central Library and Museum building. Instead there were proposals to redesign the service within the existing building.

- **Item 7: Mayoralty** – A view was expressed that people were extremely proud of receiving the Mayor and that attending Community events was a valuable exercise, the Mayor was representing Newport and the budget proposal was trimming the budget again when the service was already down to the bare bones and it would mean limiting the Mayor to 100 visits, not outside the area, and have an effect on the promotion of the City. It was clarified that the proposal was not for the removal of the Mayoralty but to make adjustments to some of the events and support services e.g. the cost of a hired car and driver was less than the cost of providing a permanent car and driver. A view was expressed that there were many other proposals for savings where services were suffering the effects. (CPD 14/1)

This item was further debated at the Joint meeting. Members raised a number of questions regarding the detail of the proposal and how the savings had been calculated. Concerns were also raised regarding the impact of this proposal on the promotion of the city. The Head of Law and Regulation provided further explanation in terms of the proposed back office savings. It was clarified that there was no intention to cut the number of events attended by the Mayor to promote the city. Concerns were raised regarding the use of casual staff to look after the mayoral chains. Concerns were also raised regarding the end of the Extra Mile Awards to recognise the achievement of volunteers, and the potential for external support was suggested.

A view was expressed that the information contained within the business case used to calculate the proposed savings needed further clarification, as some Members were of the opinion that the proposed changes were unlikely to result in the anticipated savings.

There was a motion put forward to support the proposal as outlined in the business case. This motion was lost by 5 votes to 9.

After further discussion on this matter, a motion was put forward not to support this savings proposal, and to suggest that the Cabinet request more detail on information used to calculate the proposed savings. It was suggested that this matter, along with the additional information, be referred back the Scrutiny Committee to be explored further. It was also suggested that options for external sponsorship be explored to retain the Extra Mile Awards. This motion was declared carried, by 9 votes to 5.

- **Item 10: Members' Courier** – Clarification was sought and there was no opposition to the proposal. (CPD 14/1)
- **Item 12: Centralisation and 20% Reduction of Training Budgets** – A view was expressed that it was sad to see a reduction in budget on training and that staff needed training. It was clarified that this proposal would not mean the removal of all training, that some face to face training would now be delivered by epassport and an All Wales Academy of 22 Authorities was developing joint training in collaboration and this would offset some of the reduction in budget.

A view was expressed that the Scrutiny Committee had identified a significant underspend in training through Budget Scrutiny and that there was a need to monitor the spending of the training budget more effectively. It was clarified that the previous proposal of centralising the Training Budget sat below this current proposal and included managing the pressures and demands of training centrally and prioritising need for training across the Council. (CPD 14/1)

- **Item 20: Welsh Government Schools Pledge** – The cost of the pledge to uplift schools budgets was less than anticipated. The saving therefore represented the difference between expenditure planned and that needed to meet the pledge. The sum of £255k was therefore not required. (LCL 17/12)
- **Item 22: Restructure of PWLB Loans** – This was currently 15/16 individual loans. The proposal would refinance them as one loan over approximately 10 years. (SSRS 8/1)
- **Item 34: Warden Service** – It was suggested that consideration should be given to returning a city centre Warden service to the city centre to enforce and maintain standards and deal with issues including litter, dog faeces and fixed penalties. This would be particularly necessary should the rising bollards be discontinued. (SSRS 8/1)

Further concerns were raised at the Joint Meeting, discussed together with Item 62: City Centre Rising Bollards. It was also put forward that this was a positive proposal, looking at increasing revenue by increasing enforcement.

- **Item 37: Youth Service** – This service would amalgamate with another team and staff would remain employed by the Council. (SSRS 8/1)

- **Item 38: Adults Income Collection** – It was clarified that income for non-residential services was capped by Welsh Government at £55 per week, but that certain Benefits would be taken into account in future calculations. Also the income collection would be improved by the development of an electronic process and providing an invoice quicker. *(CPD 14/1)*
- **Item 39: Children & Families: Social Worker Caseloads** – Last year £275k was set aside for extra Social Workers to reduce caseloads. The same amount was included in the 2015/16 pressures list but this was not required. £275k had been included in the list of savings to offset this. Caseloads had been reduced to 18-19 cases per Social Worker and the reduction would not affect front line social work activity. The position would continue to be monitored. *(LCL 17/12)*.

The Strategic Director – People provided further explanation of this item, and Members were reassured that there was currently a safe and manageable level of caseloads within the service. It was suggested that this question could also be put to representatives of CSSIW who would be attending the special Scrutiny Committee meeting on 27 January to present their Annual Performance Evaluation Report. *(CPD 14/1)*

This point was further discussed at the joint meeting and the Strategic Director – People explained the background to this proposal. Members highlighted the links between this proposal and the current scrutiny review into the Recruitment and Retention of Social Workers.

- **Item 41: Adults Disabled Aids** - Clarification was sought on the impact of this proposal being met and there would be limited impact on service users. *(CPD 14/1)*
- **Item 48: Adults: Review of council run Residential Homes** – The position regarding capacity in Council run Residential Homes was mentioned. The issue of what the Council should provide would be looked at next year. *(SSRS 8/1)*

Clarification was sought on this budget savings proposal. It was explained that there were a number of strands to this proposal including the in-house vacancies for this year, which are being overcome and will be better utilised next year and also improving direct income. It was suggested that further information could be brought to Scrutiny as this project develops. *(CPD 14/1)*

- **Item 49: Adults: Reassessments in Mental Health** – Members raised concerns over the impact of these proposals on vulnerable clients. It was clarified that this review would follow the same process as the review conducted in Learning Disability, reviewing current assessments to look at how need is met and to renegotiate packages of care with providers where possible. The focus was on procuring and commissioning in a more appropriate way, not on reducing care provision or changing eligibility. If eligibility had changed in any review, assessors would look to provide alternative community based support, for example connecting with the third sector.
- **Item 52: Children & Families: Targeted reduction in the number of looked after children through prevention work - Savings on commissioned services (IFAs)** – Success in this area had enabled the savings proposed to be made. *(LCL 17/12)*  
At the joint meeting Members questioned whether a target on the number of Looked After Children was safe. The Head of Children and Family Services reported that this was a safe target, based upon the extensive knowledge of the Looked After population in Newport, but this would be kept under constant review.

- **Item 54: Children & Families: Office relocation to the Civic Centre from Canolfan Serennu (Sparkle Centre)** – At the Learning Caring and Leisure Scrutiny Committee, concern was expressed at the possible disruption a reduction in expenditure on this service might cause to parents. It was however considered that the service could be provided from elsewhere enabling the service to be maintained at a reduced cost. (*LCL 17/12*)

At the Community, Planning and Development Scrutiny Committee, Members raised concerns over this proposal and impact of pulling out of a shared resource centre that was set up in partnership. The Cabinet Member confirmed that this was being picked up and a meeting had been requested with Health Board representatives to discuss these issues. (*CPD 14/1*)

These concerns were reiterated at the joint meeting of the Scrutiny Committees, as this was an important resource centre for a vulnerable sector of the community. The Strategic Director – People explained the circumstances around this proposal in terms of the building rent charges due to be charged by the Health Board for use of the building. He re-confirmed the authority's commitment to partnership working and co-location, but it was not thought to be appropriate to be charged rent within an integrated setting. Negotiations were on-going with the Health Board to remove the rent charge with the hope of continuing co-location at Serennu.

Members discussed concerns on the impact of this change on families and the standard of service received, given the excellent services provided in partnership at the Serennu Centre. It was felt this was an inconsistent approach given the strategic direction towards more co-location and service hubs.

Members also questioned the statement within the business case that staff had suggested this action, and queried the evidence for this. The background to this was explained but it was agreed to remove the statement to avoid any confusion.

Members proposed not to support this proposal.

- **Item 60: Energy** – Reduction of street lighting energy budget – Concern was expressed that this proposal would involve more street lighting being switched off. (*SSRS 8/1*)
- **Item 62: City Centre Rising Bollards** – Concern was expressed that the bollards did not always operate as planned and vehicular access and parking consequently occurred within the city centre boundary at times when it was prohibited. Whilst there was currently a technical issue with the bollards, the matter needed policing as a “half-way house” was not acceptable. It was suggested that policy regarding the bollards and vehicular access and enforcement needed to be re-visited. A Member expressed a view in favour of discontinuing use of the bollards generally for the future. (*SSRS 8/1*)
- **Item 65: Charging for DIY waste/ rubble** – It was suggested that this proposal should not proceed as it could lead to an increase in fly-tipping and similar occurrences, if the general public was required to pay for its disposal at the civic amenity site. The green collection from homes had ceased for the winter but the issue of disposal of used Christmas trees was raised. The trees could still be chopped and placed in orange bins and collected in the spring or residents could arrange for a special collection or transport them to the civic amenity site. The possibility of postponing the cessation of green collections for the winter to accommodate collection of used Christmas trees was suggested. (*SSRS 8/1*)

The comments above were reiterated at the Joint Committee.

- **Item 67: Bus Subsidy** – Concern was expressed that this could adversely affect vulnerable people who depended on this service to “get around” and that being unable to do so could affect their general wellbeing. Consideration should be given to whether the benefits in preserving the quality of life and general wellbeing for those affected outweighed the benefits of saving the amount in question. (SSRS 8/1)

#### **Appendix 7 - List of Budget Savings Already Agreed Over Medium Term**

- **Item 72: (alternative funding for the Big Splash event) and 73 (alternative funding for food festival/Christmas events)** – Confirmation that these savings had already been agreed and that funding from reserves had been set aside to continue these matters for a few years was requested. Whether staff associated with these items would transfer to the new Leisure Trust would be clarified. It was suggested that the Council contribute in order to attract Welsh Government grant. The Head of Finance confirmed that the savings in question had already been agreed and that reserve funding had been set aside to enable the city centre Christmas illuminations to proceed for the ensuing three years. (SSRS 8/1)

## **Appendix 3 Extracts from Schools Forum Minutes – meeting 9<sup>th</sup> December 2014**

### **1. Authority Budget Update 2015-16**

Meirion Rushworth (MR) presented the Budget Consultation report whereby he confirmed that Cabinet had discussed the same report on Monday 7<sup>th</sup> December 2014 and that the period of consultation would run from the 8<sup>th</sup> December 2014 until the 16<sup>th</sup> January 2015. Following this period Cabinet would consider responses to the consultation and make recommendation to Council who will approve the overall Budget and set the Council Tax on the 24<sup>th</sup> February 2014.

MR confirmed that the Authority's provisional settlement from the Welsh Government resulted in a cut of 2.5% which equates to approximately £5m cash reduction. Within the report the appendices are split into New Investments which equates to over £4m and Proposed Savings of approximately £10m.

MR explained that it is proposed to meet the Welsh Governments pledge of increasing school budget by 0.6%, in addition to this and over and above the pledge there is new investment in Special School demographics.

The Chair thanked MR for the update and asked Forum Members for comments. Bill Langsford (BL) commented and stated that the actual increase to the Schools ISB was 0.8% in total. BL asked the following questions :-

- The First Minister had indicated that the pledge would be an additional 1.0% to schools?
- Has the Council Tax base been set?
- A high amount of money is being spent on Out of County provision totalling approx. £400k, can you explain why?

MR confirmed that the pledge of 0.6% equates to 1.0% greater than that received by Welsh Government from Westminster. The Welsh Government received a cut of 0.4% and therefore 1.0% increase equals the pledge amount within the report. MR also confirmed that the Council Tax base had been set and has also been increased.

Mike Fisher responded to the Out of County (OOC) question and confirmed that the additional £400k within the papers as an investment represented additional funds required for 2015/16 just to cater for known OOC placements. Within the current year the OOC position is overspending its budget by approximately £250k. The £400k represents projected figures of known cases taken in to account pupils progression through Key Stages

David Rees (DR) queried the percentage of the pledge as the report stated the planned funding of the pledge was 0.9%. MR confirmed that pledge was originally estimated as 0.9% however it had since been confirmed as 0.6% increase and the difference has been recouped as a saving.

DR enquired whether the amount for demographics was specific to the Special School or would the Primary Sector receive a proportion as DR commented further that he had never seen as large an increase to pupils in Primary Schools as there are now and there are a large proportion of pupils who don't speak English.

DR mentioned that it had been mooted that schools could utilise their increased PDG allocations to assist schools with these additional costs. The PDG is a ring fenced budget with agreed plans. Heather Vaughan (HV) also commented that the 11 grants into 1 will not help the overall budget positions. Furthermore Bev Cole (BC) commented that the recent SEG in year clawback has not helped the situation especially when a school has completely spent their SEG allocations. MR acknowledged the challenging position of schools and stated that the school position is still relatively good compared to other areas of the Council.

James Harris (JH) updated the Forum on the new super grant, the Education Improvement Grant (EIG). JH stated that the combined total of the 11 grants is due to decrease in 2015/16 from £156m to £142m, there are also some outstanding issues with EIG such as; is the grant allocated to the LA or the EAS; will any of the 11 grants be ring fenced although this will not be practical. These issues have not been resolved and are continually being debated. From the view point of the LA the EIG is more flexible and might reduce the administrative burden. With regards to the SEG in year cut JH commented that the view point from schools was echoed by the LA to Welsh Government and that the treatment of this cut was in line with other Consortium and if Schools have fully spent their allocations then unfortunately this will have to be funded from the school budget. DR commented that there is no guarantee it will not happen again. JH confirmed that the ADEW Directors are expecting the draft proposals of the EIG before the end of December 2014.

Alyson Mills (AM) shared with the Forum the outcome of a meeting in Cardiff with Secondary Headteachers. At this meeting the financial situation affecting schools was discussed and the impact of all the pressures was presented and how it would affect an average size school. AM stated that the average school would be estimating a deficit of £250k in year 1 and worsening to a £1m in year 2 and over £2m for year 3. Furthermore AM commented that serious times are to come for Secondary schools especially in line with improving standards and just meeting the Welsh Government's pledge is not enough and that the situation is dire.

DR stated that the Primary schools understand that cuts are required however they totally support the Secondary's view and that the pressure on raising standards is high and challenging. Furthermore the pressure on school staff is high and especially immeasurably within English and Maths and that it is difficult to recruit in these areas due to the extreme pressure.

BL asked for clarification regarding the funding of the increase in pupil demographics for the Primary Schools, MR responded and stated that this was not recognised. Furthermore BL stated that in 2 to 4 years this will affect the Secondary Schools and put a risk on future budgets. MR acknowledged that we are experiencing tough times now and in the future.

The Chair thanked members for their contributions and was grateful for the clarity on the funding of the Welsh Governments pledge. The Chair summarised the views of the forum:

- Education funding should be increased to acknowledge the pressure on standards and the demographic increase for Primary Schools;
- The EIG is still unclear and that it will be included on the agenda for the meeting in January;
- Schools were disappointed with the grant clawback; and,
- The Forum should be kept up to date with the likely financial position of schools in the years beyond 2015/16 which are said to be extremely serious

The Chair recommended that any further feedback should be provided by both the Secondary and Primary Headteachers groups and feedback as part of the budget consultation process.

## **Appendix 4 - Public responses to budget consultations 2015/16**

There were a total of 2,252 surveys completed from 13 separate surveys along with eight additional, general comments received from individuals or organisations.

The public were asked their views on each of the proposals (whether they agreed, disagreed or did not know) and to provide comments. The full budget consultation report can be accessed here <http://www.newport.gov.uk/stellent/groups/public/documents/report/cont732734.pdf> . This has also been provided to Heads of Service so that they can take in to consideration the views of the public when either planning or implementing the budget savings that will be approved by Cabinet and Council.

What follows is a summary of the views and comments for each of the proposals. In order to support the decision making process they have been ordered by the percentage of respondents who were against the proposal. Where no comments have been received this is stated. However, it should be noted that in many instances there are very detailed responses to the consultation from members of the public, groups, organisations and professional bodies. In these cases broad summaries do not do justice to the detail of the comments so it is recommended that Cabinet Members and Heads of Service also consider the full detail within the consultation responses.

### **General Comments:**

As well as the completion of on-line and paper questionnaires a number of letters and emails were also received by Newport City Council. They focused on the following:

- The proposal for the central library, museum and art gallery as well as a specific response regarding Malpas Library. These were in line with the comments received that have been summarised for each proposal
- Some suggested efficiency savings such as reduced paperwork and improved management of overtime and sickness.
- Additional income through council tax and some charges for concessionary fares for bus trips. Also, a suggestion to sell the Civic Centre and base staff elsewhere.

However, these represent only seven responses.

There were two recurring themes within the consultation responses. These can be broadly broken down into:

- A lack of information and detail for some of the proposals which made it difficult to comment. This has also led to a number of responses which assume that something is planned when it has not been specified within the proposal (e.g. the proposal regarding Serennu where some respondents assumed that services would be moved to the Civic Centre, not just staffing).
- A feeling that we were consulting on things that the public (at least some respondents) felt we should just be doing.

The consultation responses for a number of proposals were incredibly detailed. The full consultation responses have been made available and these should also be considered, particularly where there has been a significant negative response. Responses have been received from members of the public, groups, organisations and professional bodies which are technical in their nature. It is recommended that Cabinet Members and Heads of Service should consider the individual responses to the consultation and a response formulated, which shows how those views have been taken in to consideration.

## Summary of findings by proposal:

### Do you agree with Proposal 5 - Transformation of statutory public library services

	Number of people	Percentage of people
Yes	75	10.84%
No	548	79.19%
Not Sure	69	9.97%

#### Summary of Comments:

Almost four out of five respondents to this proposal were against it. There were 554 comments received, many of which are very detailed and these will require further consideration by the Cabinet Member and Head of Service. There were a significant number of response regarding the Arthur Machen Collection and these came from such places as Yorkshire, London, Glasgow, Birmingham, France, Germany, Denmark, the USA and Australia – clearly highlighting the international importance and interest in the collection. These and responses from Newport residents were overwhelmingly in favour of maintaining the Arthur Machen Collection in one place which was accessible to the public. Other comments focused on a number of key points. These were generally the need to retain a city centre library (this is linked to the comments received with regard to the museum and art gallery proposal), issues with accessibility to the proposed hubs, issues around specific libraries and their future (mainly Malpas, Caerleon and Bettws) and the lack of detail in the proposal, which made it difficult for some to comment. Respondents felt that a central library was an essential element of the city centre and that the hub model may present accessibility issues for older people, children and families (although this would be dependent on where the hubs were located). There were also responses clearly in favour of the hub model. Some suggestions were made about using volunteers to staff the libraries and others suggested targeting savings at other areas of council services and maintaining the current library provision.

### Do you agree with Proposal 4 - Change delivery of museum and art gallery service in the city?

	Number of people	Percentage of people
Yes	48	26.52%
No	116	64.09%
Not Sure	17	9.39%

#### Summary of Comments:

Over a quarter of respondents agreed with this proposal. However, a significant majority of those who responded did not agree (64%). There were 78 specific responses to the proposal for the museum and art gallery. These comments were received from members of the public and bodies such as Redwick History Group, The Federation of Museums and Art Galleries of and The Chartered Institute for Archaeologists (CIfA). Responses were incredibly detailed and will require individual consideration by the Cabinet Member and Head of Service. However, a summary of the main points is as follows. A significant proportion of respondents felt that a city centre location was critical for the museum and art gallery (comments also apply to the library as this was included in many responses). A number of respondents clearly felt that retention of the facilities within the city centre was critical for the further development of Newport and that it was 'unthinkable' for a city not to have a museum and art gallery. There were a number of responses that questioned why the museum and art gallery (and central library) were not included within the redevelopment of the city centre. Respondents also suggested that a larger building should be sourced to display all the collections currently in storage and that corporate sponsorship should be sought. However, there were some responses in favour of the proposals and also a number where they felt there was either too little information or too many assumptions in the proposal.

**Do you agree with Proposal 54 - Office relocation to Civic Centre from Canolfan Serennu?**

	Number of people	Percentage of people
Yes	72	34.95%
No	127	61.65%
Not Sure	7	3.40%

**Summary of Comments:**

Just over a third of responses were in favour of this proposal which is one of the lowest positive response rates in this consultation. There were, however, a high number of comments (79) received which were all opposed to the proposal. These responses appear to be mainly from the families of service users of the Serennu Centre or from professionals who work at Serennu (where indicated these were from other teams and agencies). Common themes emerged, centred around: impact on service integration and coordination, the weakening of the 'one stop shop' concept, inter-agency communication difficulties and impact on professional relationships. The impact on service users and their families was also highlighted, for instance in relation to car parking, a less child friendly, unfamiliar environment and additional travel to the new venue. This seems to suggest a common misunderstanding of the proposed relocation plans in which council staff would still meet families at the centre and would continue to work with partner organisations. This does not appear to have been clear to the respondents. Concerns were raised about the Welsh Government funding for Serennu being granted on the basis of integration of health and social services. The cost savings were questioned based on the need for additional travel costs for the team involved, particularly as they stress that the identified savings are relatively low at £24,000. Several responses said that Serennu is a flagship model for integrated services and that the relocation of the Disabled Children's Team would detract from the effective functioning of the facility. Responses suggest that the Civic Centre is seen as an unsuitable location, due to accessibility and parking.

**Do you agree with Proposal 14 - Council Tax Help for Pensioners Scheme?**

	Number of people	Percentage of people
Yes	32	28.07%
No	68	59.65%
Not Sure	14	12.28%

**Summary of Comments:**

The majority of comments were against this proposal as it was suggested that those pensioners who are already receiving this benefit are doing so because they are on a low income and require the support. A number of responses stated we need to look after our older population and provide discretionary support if they are struggling or unable to pay their Council Tax. There were some alternative options and suggestions proposed including further means test the scheme to ensure it is fair, increase tax for other people to subsidise this scheme, provide a hardship fund, provide advice and support for people struggling with payments, and work with voluntary and third sector organisations to ensure those affected get the support they require.

**Do you agree with Proposal 65 - Charging for DIY waste / rubble?**

	Number of people	Percentage of people
Yes	45	32.85%
No	81	59.12%
Not Sure	11	8.03%

### Summary of Comments:

An overwhelming number of comments received suggest that charging to dispose of waste will result in more fly tipping. This could cost the local authority more than it would save in the long term through clean up operations. It was noted by some that residents already pay for rubbish collections and it would be unfair to charge people extra, or if you are going to introduce charges they should be affordable for everyone. Some comments questioned whether this proposal was as a result of commercial users using the household services and whether more charges should be apportioned to these users.

Several responses asked how this proposal will generate savings as there appears to be additional costs of employing extra staff. There were some suggestions for providing alternative services including a store area where you can take unwanted goods and materials for people to collect, other options for recycling plastic and other items, or using a private contractor to dispose of rubble or taking rubble to landfill.

It was noted by some that there is a need to define DIY waste and what will be chargeable as it may be hard to distinguish between this waste and general household waste.

### Do you agree with Proposal 3 - Parks and Outdoor Recreation

	Number of people	Percentage of people
Yes	40	26.67%
No	88	58.67%
Not Sure	22	14.67%

### Summary of Comments:

The majority of people believe parks and play facilities should remain well looked after, maintained, clean and safe as without this service there will be more anti-social behaviour, litter, dog fouling and vandalism. Some people feel that the Council currently provide a good service and that this should be maintained. A number of people said they regularly use and enjoy green space, parks and play areas as a means of encouraging exercise and developing social skills, and that these are used by people of all ages.

Many people were concerned that not locking cemeteries and green spaces at night would result in more vandalism and disturbance to local residents. If parks are not locked then there would be a need to provide regular patrols to ensure safety. Some people suggested that parks and cemeteries should remain open and facilities available each day. There was one suggestion to trial the changes first to see the impact and make sure community officers are more proactive in these areas.

There were some suggestions to maintain or improve services through the use of volunteers, local residents or community groups to provide support, services or funding. There was one suggestion to raise income by promoting and hosting local events at parks and outdoor spaces.

There were a number of concerns about the proposal to reduce inspections of parks and play facilities as children should be able to play in a safe environment. Many people feel this would have health and safety implications, or could be counter-productive with more accidents and damaged equipment leading to more injuries claims which would outweigh any potential savings. Parks need to continue to be cleaned and inspected on a regular basis.

Those that commented were generally in favour of transferring services to Streetscene. However, several comments said that the service will need to be well planned and organised if it is to take on additional services, and there will need to be adequate and appropriate staff and budgets to maintain a good service.

It was noted by some that more information is required about the proposals and services before an assessment can be made, and one suggestion was to consult with staff and experts to advise on cost savings and alternative service options.

**Do you agree with Proposal 55 - Psychologist post in Aneurin Bevan University Health Board (ABUHB)**

	Number of people	Percentage of people
Yes	53	34.42%
No	67	43.51%
Not Sure	34	22.08%

**Summary of Comments:**

Despite a majority of 'no' responses to this proposal, alongside a high proportion of 'not sure' responses, there were a relatively low number of comments received, perhaps reflecting the specialist nature of this service. The four comments relating to this proposal were opposed to the reduction in service as they thought it would detrimentally impact on waiting times and eligibility to an important service for young people.

**Do you agree with Proposal 21 – Primary School Demographics?**

	Number of people	Percentage of people
Yes	43	40.57%
No	40	37.74%
Not Sure	23	21.70%

**Summary of Comments:**

The numerical breakdown of responses for this proposal were mixed with a relatively even spread of 'yes'/'no' and also high numbers of 'not sure' responses. Supportive responses were mostly based on the belief that all services should share the burden of financial savings, as opposed to those who took the view that education was one of the highest priorities for protection of funding. For the positive responses some suggested that the commitment to meeting the Schools Pledge, albeit at a lower rate, was considered adequate/more than adequate funding protection for primary education. For negative responses there was a common concern that population growth, new house building schemes, and future immigration would place increasing pressures on school places and resources and that the proposal would increase the risks from these demographic factors. Some responses queried the evidence base for the proposal, suggesting that the City Council was banking on limited demographic increases, and it is unclear what would happen if the primary school age population did increase and would this result in greater costs as a reactive response. As was the case for proposal 20 there was an indication that proposal 21 was not clearly explained. A partial, rather than complete reduction of the demographic uplift was suggested with two responses suggesting a 50% reduction.

**Do you agree with Proposal 68 - Bus Shelter Maintenance**

	Number of people	Percentage of people
Yes	63	55.75%
No	41	36.28%
Not Sure	9	7.96%

**Summary of Comments:**

The majority of people agreed with this proposal. However, a significant proportion of respondents either disagreed or did not know. A general theme was that they needed to be cleaned more often and there were a number of examples and comments about the current state of bus shelters. Suggestions were made about increasing advertising revenue or seeking private sector

sponsorship to pay for maintenance, or offering this work up as an alternative to fixed term penalties.

#### Do you agree with Proposal 67 - Bus Subsidy provision

	Number of people	Percentage of people
Yes	57	50.44%
No	40	35.40%
Not Sure	16	14.16%

#### Summary of Comments:

Over 35% of respondents to the consultation disagreed with this proposal, with a further 14% unsure. This means that just over 50% were in favour. Concerns were raised about a number of issues with the proposal and the impact this would have. The impact on isolated communities, communities with low car ownership, the elderly, the young, parents with children and those seeking employment and those with disabilities were all raised. Respondents raised specific issues that related to their experiences and expectations of a bus service. There were concerns about access to leisure facilities and what was felt to be an inadequate voluntary scheme. However, others felt that it was difficult to judge due to the lack of information and also that the Council should not be subsidising un-profitable routes. Some suggestions about reducing frequency and increasing fares, or looking at models adopted in other countries, were made. One respondent felt that further consultation was needed.

#### Do you agree with Proposal 23 - Non-Domestic Rates (NDR): Discretionary Relief

	Number of people	Percentage of people
Yes	57	50.89%
No	39	34.82%
Not Sure	16	14.29%

#### Summary of Comments:

Concerns were raised that this is an indirect but solid hit on the less well off, those in distress, and on those who are recipients of charitable services.

#### Do you agree with Proposal 26 - Increase in Tax base

	Number of people	Percentage of people
Yes	71	62.83%
No	31	27.43%
Not Sure	11	9.73%

#### Summary of Comments:

Some respondents have appeared to misunderstand this proposal and comments on an increase in council tax.

#### Do you agree with Proposal 39 - Social Worker Caseloads

	Number of people	Percentage of people
Yes	74	47.44%
No	42	26.92%
Not Sure	40	25.64%

#### Summary of Comments:

A number of respondents felt it was difficult to comment because there was not enough information provided to make an informed decision.

Concerns were raised that there were high caseloads and a shortage of and there should be no cut backs in this area. Concerns were also raised that the eligibility criteria had been changed to reduce caseloads. Families are being referred to other agencies and are becoming more a risk. One respondent suggested making half the saving.

There were also two respondents that felt that families should take responsibility for their own families rather than the council.

**Do you agree with Proposal 46 - Deletion of an Independent Reviewing Officer post**

	Number of people	Percentage of people
<b>Yes</b>	83	55.33%
<b>No</b>	38	25.33%
<b>Not Sure</b>	29	19.33%

**Summary of Comments:**

A number of respondents felt it was difficult to comment because there was not enough information provided to make an informed decision.

One respondent felt certain cases would not be highlighted and vulnerable families will suffer. Another respondent felt that any senior officer could be the independent chair.

One respondent felt that children and young people are our high priority; those who use the above services are extremely venerable and need all the help they can get from them.

**Do you agree with Proposal 20 - Welsh Government Schools Pledge**

	Number of people	Percentage of people
<b>Yes</b>	71	68.27%
<b>No</b>	26	25.00%
<b>Not Sure</b>	7	6.73%

**Summary of Comments:**

Whilst in numerical terms over two thirds of respondents supported this proposal, the comments submitted reflect a more mixed picture with a significant proportion expressing concerns. Whilst some comments suggested that schools should not be a special case and not exempted from budget reductions, others expressed a belief that investment in primary education was the basis for good attainment and engagement and long term wellbeing and should therefore be considered a priority for funding. For those responses that were against the proposal there was a view that not meeting the higher inflationary projection was a case of “penny pinching” and short termism on the part of the Council at a risk to children’s education. Other responses suggested that this proposal was difficult to understand and that the outline business case was not sufficient to allow for an informed response.

**Do you agree with Proposal 6 - Member's Neighbourhood Allowances**

	Number of people	Percentage of people
<b>Yes</b>	74	64.35%
<b>No</b>	27	23.48%
<b>Not Sure</b>	14	12.17%

**Summary of Comments:**

Many respondents were in full support of this proposal. Some concern was raised that this was against trend towards local democracy and could reduce councillors capability to fulfil their duties locally.

**Do you agree with Proposal 51 - Deletion of four long-term vacancies in children services**

	Number of people	Percentage of people
Yes	90	58.44%
No	36	23.38%
Not Sure	28	18.18%

**Summary of Comments:**

Whilst there were a reasonable number of yes/no/not sure responses to this proposal there were relatively few comments. The comments received were mixed with some suggesting that shortages of social workers and recruitment difficulties meant that posts (vacant) should not be deleted, whilst others took the view that they expect that the council should be actively seeking to reduce posts where there was no likely impact on clients and services.

**Do you agree with Proposal 37 – Youth Service?**

	Number of people	Percentage of people
Yes	65	55.56%
No	27	23.08%
Not Sure	25	21.37%

**Summary of Comments:**

There was a mix of positive/negative responses to this proposal which seem to relate to people's interpretation of the proposal and its implications for services 'on the ground'. The numerical response found that those in favour were just over half of responses (55.5%) with 'no' and 'not sure' responses divided fairly equally. There were also a relatively high number of comments suggesting that the proposal was unclear. On balance most of the comments received expressed concerns about the reduction of funding to the youth service, and thought that this would result in a reduction in provision and were concerned at the possible replacement of universal services with more limited targeted services. Several comments suggested it was unclear what targeted services meant and whether provision would be limited geographically. The potential impact of reduced youth provision outside of target areas was raised as a concern. The preventative nature of youth services was noted and that a reduction in provision could result in more reliance and pressure on acute services in the future. Other responses stressed that the savings should relate to staff cost efficiencies and should not result in loss of frontline service. Some responses suggested that the voluntary sector could be better used to mitigate the impacts of reduced council funding, but also stressed that building the capacity of the voluntary sector would take time and resources. The perceived increased emphasis on 'skills and work' received a mixed response with some responses suggesting this was appropriate whilst others thought this might detract from the emotional and personal support work the Youth Service has traditionally provided.

**Do you agree with Proposal 38 - Income Collection**

	Number of people	Percentage of people
Yes	52	57.78%
No	20	22.22%
Not Sure	18	20.00%

**Summary of Comments:**

Some respondents felt that there was not enough information to make an informed decision and had concerns that the increase could have an adverse effect on vulnerable groups

**Do you agree with Proposal 52 - Targeted reduction in the number of Looked After Children**

	Number of people	Percentage of people
Yes	81	53.64%
No	30	19.87%
Not Sure	40	26.49%

**Summary of Comments:**

There was just a single comment in relation to this proposal and a high proportion of the 151 responses were in favour of a targeted reduction in the number of children looked after. The comment suggested that caution was needed in reducing the criteria for intervention due to the potential risk of harm to children.

**Do you agree with Proposal 2 - Riverfront**

	Number of people	Percentage of people
Yes	114	64.77%
No	34	19.32%
Not Sure	28	15.91%

**Summary of Comments:**

The majority of respondents (64%) were in favour of this proposal. However, almost one in five were against it and 15% unsure. Comments were varied with some respondents feeling that the combination with the Sport and Leisure Trust was a good idea and others feeling that this would have a detrimental impact on the arts and would lead to a 'sports' dominated service. Other comments felt that there would be a negative impact on children and young people and the continuation of professional performances at the Riverfront if it were to go in to the Leisure Trust. One respondent felt that the issue with the Riverfront at present was that there was limited marketing and promotion and others gave Chapter in Cardiff as an example of how it could be developed. Other comments suggested a review of the viability of the Riverfront or a review of how the space was used, potentially generated additional income.

**Do you agree with Proposal 31 - Housing supplies and services budget**

	Number of people	Percentage of people
Yes	60	63.83%
No	18	19.15%
Not Sure	16	17.02%

**Summary of Comments:**

A number of respondents felt it was difficult to comment because there was not enough information provided to make an informed decision. Some respondents commented this should be constantly happening and shouldn't need to be consulted on.

**Do you agree with Proposal 60 - Reduction of Street Lighting Energy budget**

	Number of people	Percentage of people
Yes	87	75.65%
No	22	19.13%
Not Sure	6	5.22%

**Summary of Comments:**

Over three quarters of respondents were in favour of this proposal. However, one respondent felt that the money saved should be used to extend the time street lights were on. There were a

number of general comments about (the lack of) street lighting which were not directly linked to this proposal. There were also comments about modernisation of lighting.

#### Do you agree with Proposal 48 - Review of council run residential homes

	Number of people	Percentage of people
Yes	56	62.92%
No	17	19.10%
Not Sure	16	17.98%

#### Summary of Comments:

Respondents felt that more information was required to make an informed decision. Concerns were raised that council run residential homes would be closed where there is still a need and that vulnerable people will not receive appropriate care.

#### Do you agree with Proposal 62 - City Centre Rising Bollards

	Number of people	Percentage of people
Yes	79	65.29%
No	23	19.01%
Not Sure	19	15.70%

#### Summary of Comments:

Whilst a clear majority of responses (65%) were in favour of ceasing to raise/lower the city centre bollards the comments received were generally opposed to this. Of the 22 comments received only one comment appeared to be in favour of the proposal on the basis that they thought motorists were aware of the access restrictions, with the implication that they will comply and self-police. Other responses tended to focus on the likelihood of low compliance with the restrictions and the safety risk to pedestrians posed by increased vehicle access. A number of responses suggested that if the proposal is implemented that increased enforcement would be necessary, whether by PCSO/Police or CCTV cameras, and that the increased cost of enforcement would negate potential savings. The impact on congestion caused by obstructive parking was also raised.

#### Do you agree with Proposal 71 - Landfill Site Income

	Number of people	Percentage of people
Yes	78	56.93%
No	26	18.98%
Not Sure	33	24.09%

#### Summary of Comments:

The majority of comments were concerned with how safe it would be to dispose of asbestos at landfill sites. Many responses asked for more information and a clearer understanding of the health and safety implications of this proposal. There were some concerns about people misusing the service and a need for strict controls to be put in place. It was also noted that there may be long term effects and costs associated with this proposal.

#### Do you agree with Proposal 49 - Reassessments in Mental Health

	Number of people	Percentage of people
Yes	64	71.11%
No	16	17.78%
Not Sure	10	11.11%

**Summary of Comments:**

Concerns were raised that service provision could be affected to a vulnerable group. Concerns were also raised that the eligibility criteria will be changed to meet the saving.

**Do you agree with Proposal 25 - South Wales Fire budget - Reduction in Levy for 2015/16**

	Number of people	Percentage of people
Yes	75	67.57%
No	19	17.12%
Not Sure	17	15.32%

**Summary of Comments:**

There was only one comment received for this proposal. The respondent was concerned that reducing South Wales Fire budget would put people's lives at risk.

**Do you agree with Proposal 47 - Looked After Children Family Contract**

	Number of people	Percentage of people
Yes	91	60.67%
No	25	16.67%
Not Sure	34	22.67%

**Summary of Comments:**

Concerns raised that parents and children without transport would not be able to get to the Family Contact centre.

Some respondents felt that all parental visits should be in the Family Contact Centre to reduce social worker time required. Other respondents felt that parental contact should be in the most appropriate place for the family.

**Do you agree with Proposal 41 - Disabled Aids Pooled Budget Declaration**

	Number of people	Percentage of people
Yes	66	72.53%
No	15	16.48%
Not Sure	10	10.99%

**Summary of Comments:**

Most respondents were in support of this proposal but were concerned that the service should not be adversely affected.

**Do you agree with Proposal 53 - Combine Team Manager roles**

	Number of people	Percentage of people
Yes	64	70.33%
No	15	16.48%
Not Sure	12	13.19%

**Summary of Comments:**

Some respondents felt that it was difficult to make an informed decision about this proposal. Not knowing what impact on service if less experienced people are hired to take over the role, or work load is increased on those remaining to the extent that lives of the vulnerable elderly are put in danger?

Other respondents felt that they are too many managers currently and not enough social workers and so were in support.

Concerns were raised that there could be an impact on vulnerable groups.

#### Do you agree with Proposal 66 - Reuse Shop Increased Opening Hours

	Number of people	Percentage of people
Yes	95	69.85%
No	21	15.44%
Not Sure	20	14.71%

#### Summary of Comments:

There were only a few comments on this proposal and generally the responses referred to the need to promote this service as people did not know it was available, concerns over how opening an extra day would save money, and to consider looking at other ways to re-sell items or use existing services.

#### Do you agree with Proposal 64 - Increase resource to help the public recycle waste

	Number of people	Percentage of people
Yes	101	77.69%
No	19	14.62%
Not Sure	10	7.69%

#### Summary of Comments:

Overall, the majority of responses suggest that there is no guarantee that increasing resources will encourage people to recycle more, and that there is already sufficient resource available. It was noted by some that many residents already recycle every week and that those that do not recycle should be targeted. Some comments said the Council already provide a suitable service through Wastesavers but perhaps we could use this organisation and other community or charity organisations to encourage more recycling and collections. There was one suggestions to extend the opening times for the recycling centre, another to look at providing alternative bins and boxes and collection times, and a suggestion to look at larger long term options.

#### Do you agree with Proposal 58 & 63 - City Wide Streetscene and Operational Highways Team

	Number of people	Percentage of people
Yes	79	71.17%
No	16	14.41%
Not Sure	16	14.41%

#### Summary of Comments:

The vast majority of respondents were in favour of this proposal and there were comments to support this. However, other commented that they felt Streetscene was understaffed and needed more resource.

**Do you agree with Proposal 8 - Streamlined Centralised Communications & Marketing Services**

	Number of people	Percentage of people
Yes	82	71.30%
No	16	13.91%
Not Sure	17	14.78%

**Summary of Comments;**

Respondents were mainly in support of the first two points in this proposal but against the closure of the Caerleon Tourist Information Centre. Could reducing opening times be considered. Some concerns were raised that not all members of the public own a computer and that the sections of the community that will be excluded by online services are the most vulnerable. E.g. older people, disabled, BME communities etc. A consideration of all needs to ensure accessibility should be considered.

Concerns were raised about the cost of Newport Matters and the loss of city centre events e.g. Food Festival, Big Splash etc.

**Do you agree with Proposal 42 - Out of Hours Emergency Scheme**

	Number of people	Percentage of people
Yes	70	76.92%
No	12	13.19%
Not Sure	9	9.89%

**Summary of Comments:**

Concerns were raised that this must not adversely affect service provision.

**Do you agree with Proposal 70 - Stop Green Waste Winter Collections**

	Number of people	Percentage of people
Yes	112	82.35%
No	17	12.50%
Not Sure	7	5.15%

**Summary of Comments:**

Generally the comments received were positive for this proposal. A number of responses stated that the green waste service has already stopped during this winter and therefore why are we asking for public opinion on this proposal. Several comments suggested that the timeframe was too long as there is still some waste produced during the winter months, so perhaps there could still be some collections but on a reduced basis. There was one concern about the potential this proposal will have on increased waste to landfill, and one concern about the impact this proposal will have on people who regularly use the green waste bins during the winter months. There were various options suggested including making recycling facilities more accessible at a local level, reviewing the garden waste scheme, recycling plastics and other packaging, providing composters, public awareness campaign, and combining services with other Councils.

**Do you agree with Proposal 12 - Centralisation and 20% Reduction of Training budget**

	Number of people	Percentage of people
Yes	85	74.56%
No	14	12.28%
Not Sure	15	13.16%

**Summary of Comments:**

Respondents were broadly in support of centralising training budget but had concerns about reducing the budget. Training is extremely important in order to keep employees skilled and knowledgeable and therefore could reduce the effectiveness of the council's staff.

**Do you agree with Proposal 40 - Frailty Contribution to Pooled Budget**

	Number of people	Percentage of people
Yes	67	73.63%
No	11	12.09%
Not Sure	13	14.29%

**Summary of Comments:**

Most respondents comments that they were in support of this proposal as long as there would be no impact on the service.

**Do you agree with Proposal 50 - Child Out of Area Residential**

	Number of people	Percentage of people
Yes	101	66.89%
No	18	11.92%
Not Sure	32	21.19%

**Summary of Comments:**

With regards to out of county placements, historically there have been reviews where these children are brought back to Newport but without the provision they need to get the right level of support. If the plan was to bring them back to Newport without specialist provision being available then it tends to be that children are then sent back out of county shortly after. A lot of thought needs to be given to this during the review process.

**Do you agree with Proposal 28 - Development Services Reduction in post**

	Number of people	Percentage of people
Yes	61	71.76%
No	10	11.76%
Not Sure	14	16.47%

**Summary of Comments:**

There was only one response to this proposal which suggested that the general focus for reduction in posts across the Medium Term Revenue Plan is on low graded/low salary posts rather than higher salaried posts. Several other responses also relate to the reduction in posts and suggested that this consultation does not give sufficient information on the impact of deleting individual posts and that it is expected that where staffing costs can be reduced without unacceptable impact on service delivery, they should be.

**Do you agree with Proposal 30 - Housing Assistant Surveyor Post**

	Number of people	Percentage of people
Yes	70	76.09%
No	10	10.87%
Not Sure	12	13.04%

**Summary of Comments:**

A number of respondents felt it was difficult to comment because there was not enough information provided to make an informed decision.

Some respondent felt this was a small saving and that more senior posts should be considered where there would be larger savings. There were also concerns about this being a career starter job and that the work completed by this post may be still necessary.

**Do you agree with Proposal 69 - Fleet Management**

	Number of people	Percentage of people
Yes	89	79.46%
No	12	10.71%
Not Sure	11	9.82%

**Summary of Comments:**

Almost 80% of respondents were in favour of this proposal. There were some suggestions about utilising leasing arrangements that covered maintenance.

**Do you agree with Proposal 44 - Voluntary Sector Contract**

	Number of people	Percentage of people
Yes	90	60.00%
No	16	10.67%
Not Sure	44	29.33%

**Summary of Comments:**

No specific comments about this proposal.

**Do you agree with Proposal 19 - Council Tax & Non-Domestic Rates (NDR) - Court Costs**

	Number of people	Percentage of people
Yes	88	77.88%
No	12	10.62%
Not Sure	13	11.50%

**Summary of Comments:**

There was only one comment made about this proposal which raised concerns that this may drive people in to repeatedly defaulting and becoming trapped in debt.

**Do you agree with Proposal 1 - Medieval Ship Project**

	Number of people	Percentage of people
Yes	147	83.05%
No	18	10.17%
Not Sure	12	6.78%

**Summary of Comments:**

The vast majority of respondents were in favour of this proposal. However, there were a number of comments that are summarised here. The Friends of Newport Ship suggested that the ship be transferred to a charitable trust and other comments questioned the long term vision for the ship and the Council's commitment to the project. Others suggested that the ship was a waste of money and there was a proposal to transfer it to Swansea Waterfront Museum.

**Do you agree with Proposal 43 - Voluntary Sector Contract Review**

	Number of people	Percentage of people
Yes	71	78.89%
No	9	10.00%
Not Sure	10	11.11%

**Summary of Comments:**

Comments were broadly in support of this proposal as long as it will not affect service provision; however some respondents felt there was not enough information to make an informed decision.

**Do you agree with Proposal 7 - Mayoralty**

	Number of people	Percentage of people
Yes	96	83.48%
No	11	9.57%
Not Sure	8	6.96%

**Summary of Comments:**

Most respondents were broadly in support of this proposal. Some suggested that the Mayor role is outdated and could also be removed all together and an elected mayor considered instead of a leader.

Other respondents were concerned that this may reduce the capability of the mayor to fulfil his/her duties

**Do you agree with Proposal 32 - Development Services - Deletion of vacant post**

	Number of people	Percentage of people
Yes	71	83.53%
No	8	9.41%
Not Sure	6	7.06%

**Summary of Comments:**

There was only one specific response to this proposal which suggested that the focus for reduction in posts across the Medium Term Revenue Plan is on low grade/low salary posts. However several responses relate to the reduction in posts that suggest that this consultation does not give sufficient information to consider the impact of deleting individual posts and that it is expected that where staffing costs can be reduced without unacceptable impact on service delivery, they should be.

**Proposal 33 - Development Services - Reduced training, transport and supplies and services**

	Number of people	Percentage of people
Yes	68	80.00%
No	8	9.41%
Not Sure	9	10.59%

**Summary of Comments:**

There was a relatively high level of support for this proposal. There were a small number of comments (3) which specifically referred to the proposal, two of which raised concerns about a

reduction in training levels possibly impacting on service delivery and the competency and development of planning professionals. The other comment suggested a joint approach to training alongside other local authorities.

**Do you agree with Proposal 29 - Increased in anticipated planning application fee income**

	Number of people	Percentage of people
Yes	66	76.74%
No	8	9.30%
Not Sure	12	13.95%

**Summary of Comments:**

This proposal was supported by more than three quarters of respondents, and more respondents indicated they did not understand the proposal than disagreed with it. There was one specific response which did not consider this to be a proposal but an anticipation of increased income.

**Do you agree with Proposal 59 - Delete vacant support officer post**

	Number of people	Percentage of people
Yes	93	83.04%
No	9	8.04%
Not Sure	10	8.93%

**Summary of Comments:**

There was over 80% support for this proposal and no specific comments. However, there were some general comments about staffing levels within the Authority, either suggesting that there were too many or too few.

**Do you agree with Proposal 11 - Council Tax & Non-Domestic Rates (NDR) e-transition and e-billing**

	Number of people	Percentage of people
Yes	99	86.84%
No	9	7.89%
Not Sure	6	5.26%

**Summary of Comments:**

There was only one comment for this proposal which suggested charging people extra for not e-billing for council tax.

**Do you agree with Proposal 34 - Warden Service**

	Number of people	Percentage of people
Yes	107	89.17%
No	9	7.50%
Not Sure	4	3.33%

**Summary of Comments:**

There was a highly favourable response to this proposal with almost 90% in favour of the Community Safety Warden service being utilised to increase income from fines. The sixteen comments received were more nuanced and mixed with no consistent messages emerging. However several concerns were expressed over whether fines would actually be collected and the income received. Some responses wrongly assumed that the proposal would require the employment of additional wardens to implement, rather than redeployment, and therefore

questioned the costs effectiveness of the suggested scheme. Two comments suggested that the wardens are not visible enough to be a sufficient deterrent. What was evident from the comments received is that community safety and particularly nuisance behaviour is an emotive subject and a concern for the majority of respondents.

#### Do you agree with Proposal 35 - Local Development Plan budget

	Number of people	Percentage of people
Yes	66	76.74%
No	6	6.98%
Not Sure	14	16.28%

#### Summary of Comments:

Over three quarters of responses were in favour of this proposal, and there were a relatively high number of 'not sure' responses in comparison to 'no' responses. There were no specific responses however one response referred to an expectation that budgets should be reduced where the impact was not an unacceptable, and that the City Council should not be consulting on such matters.

#### Do you agree with Proposal 13 - Partnership and Policy Reduction

	Number of people	Percentage of people
Yes	88	78.57%
No	7	6.25%
Not Sure	17	15.18%

#### Summary of Comments:

No specific comments were made about this proposal.

#### Do you agree with Proposal 61 - Off-street parking banking procedures amendment

	Number of people	Percentage of people
Yes	95	84.07%
No	6	5.31%
Not Sure	12	10.62%

#### Summary of Comments:

Comments about this proposal were mainly about the difficulties faced by residents in gaining parking permits or resident only parking. Respondents highlighted the impact of non-residents parking in resident only areas. There were comments for and against the use of technology to secure payment for parking.

#### Do you agree with Proposal 56 - No Recourse to Public Funds

	Number of people	Percentage of people
Yes	97	65.10%
No	7	4.70%
Not Sure	45	30.20%

#### Summary of Comments:

No specific comments were made about this proposal.

**Do you agree with Proposal 45 - Independent Domiciliary Care**

	Number of people	Percentage of people
Yes	73	82.02%
No	4	4.49%
Not Sure	12	13.48%

**Summary of Comments:**

Broadly in support of this proposal as long as it has no impact on service provision.

**Do you agree with Proposal 18 - Payments Team**

	Number of people	Percentage of people
Yes	97	85.84%
No	5	4.42%
Not Sure	11	9.73%

**Summary of Comments:**

There was only one comment about this proposal which had concerns that Norse may be a consultant. The respondent also felt that there must be more savings to be found in this area.

**Do you agree with Proposal 17 - Debtors deletion of one scale 3 post**

	Number of people	Percentage of people
Yes	101	88.60%
No	5	4.39%
Not Sure	8	7.02%

**Summary of Comments:**

No specific comments were made about this proposal

**Do you agree with Proposal 36 - To review the Civic Centre catering**

	Number of people	Percentage of people
Yes	100	87.72%
No	5	4.39%
Not Sure	9	7.89%

**Summary of Comments:**

Most respondents were in support of this proposal and were surprised that a subsidised canteen still exists. Some respondents felt that the canteen should be closed all together as there are cooking facilities on site and places where food can be purchased within a short walking distance and this would support local businesses and increase footfall in the city centre.

**Do you agree with Proposal 9 - Procurement Card Efficiencies**

	Number of people	Percentage of people
Yes	88	78.57%
No	4	3.57%
Not Sure	20	17.86%

**Summary of Comments:**

Concerns were raised that procurement cards could lead to an increase in spending.

**Do you agree with Proposal 15 - Health and Safety Income**

	Number of people	Percentage of people
Yes	107	93.04%
No	4	3.48%
Not Sure	4	3.48%

**Summary of Comments:**

No specific comments were made about this proposal.

**Do you agree with Proposal 22 - Restructure of Public Work and Loan Board (PWLB) Loans**

	Number of people	Percentage of people
Yes	94	85.45%
No	2	1.82%
Not Sure	14	12.73%

**Summary of Comments:**

One comment was made about this proposal. The respondent felt that this should be looked at in more detail to realise the biggest saving.

**Do you agree with Proposal 24 - Income Review**

	Number of people	Percentage of people
Yes	97	87.39%
No	2	1.80%
Not Sure	12	10.81%

**Summary of Comments:**

No specific responses were made about this proposal.

**Do you agree with Proposal 27 - Reduction in Private Finance Initiative (PFI) reserve contribution**

	Number of people	Percentage of people
Yes	85	75.89%
No	2	1.79%
Not Sure	25	22.32%

**Summary of Comments:**

No specific comments were made about this proposal.

**Do you agree with Proposal 57 - Transportation deletion of vacant post**

	Number of people	Percentage of people
Yes	106	96.36%
No	1	0.91%
Not Sure	3	2.73%

**Summary of Comments:**

Whilst the response was overwhelmingly in favour of the proposal a concern was raised about the impact on remaining jobs. However, this was countered with some general feelings about the council having too many staff.

**Do you agree with Proposal 10 - Member's Courier**

	Number of people	Percentage of people
<b>Yes</b>	112	97.39%
<b>No</b>	1	0.87%
<b>Not Sure</b>	2	1.74%

**Summary of Comments:**

Most were in support of this proposal and were surprised that a member's courier existed.

**Do you agree with Proposal 16 - Reduction in Senior Salary Posts and Expenses**

	Number of people	Percentage of people
<b>Yes</b>	109	96.46%
<b>No</b>	0	0.00%
<b>Not Sure</b>	4	3.54%

**Summary of Comments:**

Most comments were in support of this proposal and felt that there probably could be further cuts in senior councillor roles. Comments were also made about reducing all councillors. Concerns were raised that these reductions should not impact on the capability of councillors to fulfil their duties for the electorate.

## **Appendix 4a Fairness Commission review**

### **Response to 2015/16 Budget & Medium Term Financial Plan**

**VERY IMPORTANT: NFC sees its role as facilitating a critical reflection *on* policy, rather than it being a recommender *of* policy. Therefore, selective extracts from this response should *not* be used to support particular council policy as *if* this policy is also being recommended by the NFC.**

January 23<sup>rd</sup> 2015

#### **1. Background:**

We very much welcome the invitation from Council to be part of the consultation process for the above. In times of severe economic austerity especially, we believe it is vital that the value of fairness is discussed critically and openly in public debate, so we can examine in a meaningful way how this principle is applied to local government policies and practices, and in the setting of its priorities. However, it is also important to highlight what has already been stated in our full report to Council in November 2013 (see our website <http://www.newportfairnesscommission.org/>) – that the Fairness Commission is not an elected body and is not a special interest group, and therefore, in our view, its role is not to make specific policy and practice recommendations. We fully recognise and respect, that some Fairness Commissions across the UK have made particular policy recommendations to their Councils. Nevertheless, the NFC sees its role as facilitating a critical reflection *on* policy, rather than it being a recommender *of* policy. The main aim, then, of the Newport Fairness Commission (NFC) is to provide policy-makers with a ‘critical lens’ for viewing fairness, and to encourage public debate which takes fairness seriously as a centrally important political, economic, and social goal.

It is in the above light that the following response has been made to the Budget Proposals 2015/16 and Medium Term Financial Plan (MTFP) as detailed in the December Cabinet Report. It is also important to emphasise that, during January 2015, elements of the following document were presented to the consultation process for the proposed list of priorities of Council for 2015/16 budget allocations. Clearly, both these consultation processes (concerning priorities and budget allocations) are directly related and, as such, the NFC thought it both appropriate and important to consider these jointly, highlighting overall very similar sets of issues and concerns.

#### **2. General overview of the Newport Fairness Commission (NFC) – summary of what it sees as the broad issues and concerns**

The NFC concludes that the austerity measures applied in previous years, combined with the 15/16 proposed cuts and future austerity until at least 2018/19, has led to a profound sea-change in how Local Government is able to provide services for its community, both now and in the future. Moreover, the NFC concludes that in matters relating to the principle of fairness (however this principle is substantially conceptualised), various pressures are now being exerted on vulnerable and disadvantaged sections of the community which threaten to undermine key values associated with the principle of fairness.

Most notably, the fundamental value guiding the Commission’s thinking on these issues, identified and explored in the NFC full report referred to above, is that Council should attend to the needs of those social groupings considered vulnerable or disadvantaged across the city, *and* as a matter of first and immediate priority. However, although we believe that Newport City Council is endeavouring to fulfill this value as its main priority, the extent of the cuts means that we are now increasingly witnessing the needs of these vulnerable groups being traded-off against each other, as the NCC tries to balance its books. So, in broad terms it seems that those vulnerable groups defined as having ‘moderate needs’ are being traded-off against those vulnerable groups defined as having ‘severe needs’; those vulnerable groups defined as benefitting from ‘early prevention’ are being traded off against those vulnerable groups defined as having ‘acute needs’; and, those vulnerable groups which can be targeted by Council with appropriate powers of intervention (but

with no *duties* of intervention) are now being traded-off against those vulnerable groups where statutory obligations apply.

The main problem, according to the NFC, is that failing to prevent deterioration for those defined as being in 'moderate need', or who are defined as 'moderately vulnerable', risks escalating this group's needs and so making them become more severely in need as a result. Inevitably then, these trade-offs are in danger of increasing costs in the medium and long-term as people enter the ranks of those whose health and broader social conditions qualify for statutory services. Moreover, these trade-offs occur in a variety of forms,<sup>1</sup> with the common theme being that many vulnerable citizens are at risk of becoming *more* vulnerable as a result of cuts in services, and as the Council concentrates its diminished resources on a reduced number of people. The NFC acknowledges that, to some extent, the effects of these austerity measures are alleviated by the activities of the voluntary/third sector, and other changes in the organisation of care and services, such as the encouragement of independent living in the home for frail and vulnerable adults. For example, one benefit of third sector services is that these often provide 'added value' and provide individuals with choice in services - something people value and report supports better recovery and independent living. However, the parallel cuts in grants and contracts to the voluntary sector, and the increasingly limited resources available for those required to live independently, means that in the Fairness Commission's view these alleviations will, in many cases, be inadequate in meeting the needs of those in these vulnerable groups.

In other words, the Commission is concerned that the above outcomes combined, risk the occurrence of a vicious cycle, where increased deprivation (for certain sections of the Newport population at least) will require more services, but which will now no longer be available. It is in this context of decline, which again will put further pressure on Council services, given that statutory obligations will increasingly come into play in the future. Therefore, the Commission has concluded that the austerity measures, alongside these other pressures, may well result in a 'false economy' - that is, where monies are supposedly 'saved' in the short-to-medium term, but where the costs of government (both local and national) augment in the future, as social and economic problems increase as a result of present cuts in services.

In addition to the detrimental impact of these austerity measures, other pressures are also being felt in Newport city which have exacerbated these problems in trading-off the needs of vulnerable groups, as well as the wider needs and aspirations of other Newport citizens. First, the Welsh Government's commitment to maintaining school educational budgets at least in line with inflation, while may be justifiable for various social and economic reasons, is nevertheless putting considerable strain on other priorities of Council when resources are being reduced. Second, via a range of different indicators, Newport experiences very high rates of deprivation (when compared with national and even international figures). These rates, combined with the urgent need for economic regeneration within the City and the wider region, plus demographic changes which will likely increase the demand for services in Newport, has also led and *will* lead to considerable additional pressures on Council services. For example, the threshold for entry to residential homes has been raised as local authorities have had to close many of these establishments, which in turn is exacerbated by demographic factors which means that people are living longer, but unfortunately with increasing chronic long-term health conditions. Of course, some of these pressures are alleviated by budgetary formulas from the Welsh Government which 'favours' Newport, and in the long-term at least the economic regeneration plans for Newport City, will hopefully facilitate a more vibrant local economy increasing employment, prosperity and tax revenues. However, the NFC's concern is that Newport overall, and in particular the most deprived and vulnerable groups within Newport, will suffer increased deprivation in the meantime.

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<sup>1</sup> It is also important to note that these trade-offs also occur in relation to the pay, working conditions, and vulnerability to job-loss of council employees. So, for example, the commitment to a 'Living Wage' being paid to workers by Newport City Council (reflecting, quite rightly, a commitment to low paid workers) is traded-off against attempts to reduce wage bills in times of economic austerity, but which in turn can lead to diminished working conditions, increased workloads as positions are unfilled, the increased likelihood of redundancy, and so on.

Moreover, the NFC is also concerned about the high possibility of, what might be termed, increased cultural deprivation in Newport. This issue relates less to priority being given to vulnerable and disadvantaged groups (although these issues certainly overlap), and more to how local governments see their role in relation to the funding and provision of the cultural infrastructure, and as it is maintained for the *whole* of the community. For example, cuts in library, leisure and the arts facilities, with the onus being put on other means of funding outside of local government, for the NFC signifies a radical change in how councils administer and facilitate the cultural activities of their communities. The concern is that the important civic role that Councils historically have often played in enhancing the cultural life of its populace risks being seriously undermined as a result of these cuts.

Finally, and a more positive note, it is important to acknowledge what the NFC sees as steps forward in Council practices in the wake of these austerity measures being applied. For example, the consultation process for this round of budgetary proposals – while subject to the usual alarmingly tight time-constraints imposed by the Welsh Government (WG), plus the lateness of information being provided by the WG to local government decision-makers – is considerably improved compared with previous rounds. The Council's plan in 2015 for a series of activities and events intended to provide a wider engagement with the public over Council policy is to be commended. Hopefully, this consultation process will set in motion an ongoing 'conversation' on local government spending, savings and future service provision, which will be much wider and deeper than just 'agreeing' the budget for the year. Of course, consultation processes can always be improved upon, and we would strongly recommend that the NCC examine closely good practice in other councils in Wales and other parts of the UK to develop further its own practices.<sup>2</sup> In addition, the NFC also notes that *some* of the austerity measures at least, will encourage a more imaginative and efficient delivery of services which may well be beneficial to certain groups of service-users. Moreover, as councils are forced to break from their more traditional roles in service-delivery other benefits may also accrue. For example, there are some signs across the UK of a more heightened sense of citizen obligations in meeting community aspirations and practices which could lead to beneficial outcomes, as well as a more 'bottom-up' approach to policy and practice development as councils have to address increased cuts imposed on its budgets.

In summary then, the Fairness Commission has a number of serious concerns about the budgetary proposals for 2015/16 and the Medium Term Financial Plan. Most notably, that the extent of the austerity measures will result in a fundamental principle of fairness being undermined, namely that Council should attend to the needs of those social groupings considered vulnerable or disadvantaged across the city, *and* as a matter of first and immediate priority. It is especially concerned that as the needs of vulnerable groups are traded-off against each other that a vicious cycle of social, economic and cultural deprivation will be reinforced, leading to a much wider set of detrimental long-term unforeseen consequences for the *whole* community. Nevertheless, despite these gloomy predictions in the face of this increased austerity, the NFC also acknowledges that out of this necessity, other possibilities open-up which could lay the ground for more improved service provision in the future – relating, for example, to increased and improved public consultation and involvement over Local Government spending and subsequent service provision.

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<sup>2</sup> For example, in the City of Leeds, what will be called, a "Poverty Truth" project is being launched in February 2015, starting from the principle that all decisions about poverty should involve people who directly face poverty. As its press release states: "[The project] aims to ensure that people living in poverty take the lead on challenging the city's leaders to work with them on tackling poverty: to make a difference to the decisions being made and finding new solutions to poverty." Obviously, it is impossible to say at this stage how successful this project will be, and the lessons which might be learnt from it, but the Commission would strongly recommend that the NCC closely observes its activities (and other similar projects) to develop further its own consultative practices.

## **More specific analysis - proposed long list of Council priorities and the implications regarding the 2015/16 budget proposal and the Medium Term Financial Plan**

The following provides a more detailed analysis of the general overview in 2 above and the subsequent summary of the NFC's main concerns and issues. The below also includes the NFC's analysis of Council's priorities for improvement as also reported to Council, alongside its budgetary proposals for 2015/16 and the Medium Term Financial Plan.

As reported to the Fairness Commission at its meeting on the 2<sup>nd</sup> December 2014, included below are the 12 potential priorities for improvement for 15/16. Moreover, after consultation, Council is likely to reduce these to 6-8 priorities.

1. Supporting young people into education, employment or training
2. Helping children have the best start in life
3. Education attainment
4. Increasing recycling and diverting waste from landfill
5. Providing business and homes with faster broadband
6. Preventing offending and re-offending of young people
7. Improving outcomes for looked after children
8. Ensuring people have the right social services to meet their needs
9. Supporting older people leaving hospital
10. Making the city centre safer at night
11. Ensuring people have access to suitable accommodation
12. City regeneration and development

### *Changes from the potential priorities list presented in December 2013:*

At this time last year Council offered a potential list of 17 priorities for consultation on improvement for 14/15, which include all of the above, but plus the below which are now *no* longer included for the 15/16 proposals.

- Improving independent living for older people
- Protecting vulnerable adults
- Increasing choice in adult care services
- Delivering library services
- Supporting vulnerable families

### *Broad implications of these changes:*

Apart from supporting vulnerable families, all those priorities for the 14/15 proposals which are now *no* longer listed either relate to older people and adult care services, or to library provision. The broad implications of these changes are that the focus of priorities in the proposals for 15/16 has been centred more on the interests of children and young people. So, of the 12 priorities now listed for 15/16, 5 directly relate to young people (priorities 1, 2, 3, 6 and 7), with 3 focussing on potentially wider age groups (priorities 8, 9 and 11), 2 focussing on economic development (priorities 5 and 12), 1 focussing on safety and security (priority 10), and 1 focussing on environmental sustainability (priority 4). This change of emphasis toward the interests of younger people, of course, might be entirely justifiable for various reasons. However, it is still incumbent upon Council to explain fully *why* the above shift of focus has occurred in reference to the fundamental principle of fairness and the four parameters of fairness outlined below.

It is also incumbent upon Council to define more clearly what the term 'priority' actually means in practice. First, it is a relative term, and so implies a complex and nuanced measurement of lesser than/greater than; rather than an absolute or threshold term, which would imply a more straightforward measurement of either being met/not being met. The relative character of the term priority also means that some of the policy areas that drop off the list do not necessarily stop being a priority of *some* kind, albeit these would not be considered a *top* priority. Secondly, the priorities (whatever they are) often overlap, and at various levels. So, promoting one priority will sometimes promote another, or taking one priority off the list may have knock-on effects on others which are

supposedly still being prioritised. Third, and as a result of the first and second points, complex relations occur when one priority is removed from the priority list, which may still be indirectly promoted even if no longer officially a top concern. For example, supporting vulnerable families (now removed from the list) will, in part, be enhanced by supporting young people into education, employment or training, and helping children have the best start in life (all remaining on the list) - and each of those priorities may well be supported, in turn, by other priorities, such as library services (now removed from the list). In other words, those areas prioritised are not discrete or isolated from other areas, but are inter-related and in different ways. Of course, this may count in defence of the prioritisation recommended here. Or, it might be seen as a problem – so it might be regarded as too simplistic to think that any of these priorities can be achieved, as a simple, isolated objective, without a holistic picture of how they all relate.

In short, given these various complexities, the NFC believes that a greater clarity on what ‘being prioritised’ means is needed as Council develops and recommends its policies and becomes engaged in the various consultation processes throughout 2015. This is particularly bearing mind that success in reaching each priority will likely be measured in different ways.

### **3. The fundamental principle of fairness and the four parameters of fairness:**

As stated in 2 above, the most fundamental principle guiding the Commission’s thinking on these issues, and again identified and explored in the full report referred to above, is that Council should attend to the needs of those social groupings considered vulnerable or disadvantaged across the city, *and* as a matter of first and immediate priority. However, although it is extremely important to articulate this principle in broad terms, by itself, this principle is not sufficient when considering the fairness of specific policies and practices, as a number of important questions and issues remain unanswered. In response to this problem, and again as detailed in our full report, the Fairness Commission has identified, what we have called, four ‘parameters of fairness’, which provide a framework for understanding and critically evaluating the specific policies and priorities set by Council, and the subsequent debates and controversies concerning the meaning of fairness.

The four parameters of fairness are identified as follows, and lead to what the Commission sees as key questions or focal points of debate concerning fairness, recognising that in relation to specific policies and practices these parameters often overlap and work in conjunction with each other:

#### *Parameter 1 Equal treatment while recognising difference*

*Main focal points of debate:* When is it fair to treat people the same, and when is it fair to treat people differently? What groups have priority in Newport, and why? And, if trade-offs and compromises are to be made between different group interests’, how should these trade-offs be balanced?

*Parameter 2 Mutual obligations between citizens and local government* *Main focal points of debate:* What is the responsibility of local government to meet certain needs, and what conditions should apply to citizens, if any? And, which needs are to be provided universally (i.e. to all citizens) and which needs are to be met, in part or wholly, by citizens?

#### *Parameter 3 Interdependency and reciprocity within community relations*

*Main focal points of debate:* What is the value of participation in community life? How are citizens enabled to positively participate in the life of the community over periods of time, for their own and others’ benefit? And, how and when are equal opportunities and ‘life chances’ facilitated, so enabling citizens to participate effectively?

#### *Parameter 4 Transparency and accountability in decision-making*

*Main focal points of debate:* How does Council ensure that the procedures for decision-making are fair, consistent and transparent? How does Council convey clearly and concisely to citizens the main decisions being considered and made? And, how are mature and meaningful channels of communication and exchange of views facilitated between the NCC and citizens?

#### 4. Considering the proposals for Council priorities and the 2015/16 budget via the fundamental principle and the four parameters of fairness:

Referring to the above fundamental principle of fairness and its four parameters, the following considerations by the Commission have been made of the Council's proposals. Our response, in part, reflects the discussions that took place at the 2<sup>nd</sup> December 2014 meeting of the Fairness Commission, and after which a first draft of this response was sent to all members of the Fairness Commission for further revisions.

##### *Priority to those social groupings considered vulnerable and disadvantaged:*

- It seems that, in broad terms, the list of priorities for improvement does support the above general principle and as such should be welcomed, and most obviously perhaps, regarding priorities 7, 8, 9, and 11. However, this does *not* mean that the other priorities listed are not also important in their own right, and/or do not support these vulnerable and disadvantaged groups indirectly; or that there are no dilemmas and conflicts *within* and *between* these lists and between vulnerable and disadvantaged groups, reflecting the four parameters of fairness outlined, and subsequent focal points of debate.
- Of the 5 groups which are now *not* prioritised compared with the 14/15 proposals made last year, it is important to highlight that 4 of these directly related to those groups which are *explicitly or obviously defined* as vulnerable or disadvantaged. Those vulnerable or disadvantaged groups on the 14/15 list, but are now *not* listed are:
  - Improving independent living for older people
  - Protecting vulnerable adults
  - Increasing choice in adult care services
  - Protecting vulnerable families
- These omissions are especially pertinent given the 15/16 round of budget proposals which has necessitated further cuts in services, and the accumulated year-on-year cuts which has occurred since the imposition of austerity measures most notably from 2013/14 onwards. Moreover, severe austerity measures are likely to be imposed for at least another 3-5 years. It is in the context of these continuing year-on-year cuts that the Fairness Commission is now extremely concerned that the fundamental principle of fairness, that of prioritising the vulnerable or disadvantaged, is being seriously undermined as a result.
- Given these various considerations, then, the following issues have been raised by NFC concerning how the value of fairness is *specifically* interpreted by Council, and the setting of its priorities and budget proposals, and under the heading of each parameter of fairness.

##### *Parameter 1 Equal treatment while recognising difference*

- It is clear to the Commission that, in times of severe austerity, this parameter has particular pertinence. For example, policy dilemmas and conflicts are increasingly emerging which need to be made more explicit in public debate, and relate to two of the central questions raised via this parameter – namely, what groups have priority in Newport, and why? And, if trade-offs and compromises are to be made between different group interests', how should these trade-offs be balanced?
- More specifically, there are two points of conflict in the list of priorities proposed which the Commission consider are especially important to highlight, and (with the risk of oversimplification) relate to a broad trade-off being made between younger populations and older populations in Newport – most notably perhaps concerning those 5 priorities which relate directly to children and young people (i.e. priorities 1, 2, 3, 6 and 7), as compared with those 3 priorities which are focussing on potentially wider age groups (i.e. priorities 8, 9 and 11)
- These two points of conflict arise from (a) the Welsh Government's (WG) commitment to maintaining school educational budgets at least in line with inflation, which is putting considerable strain on other priorities of Council; and, (b) the large cuts in the social services budget, while it having to maintain certain statutory obligations to particular groups, such as to children and old people. While the former educational commitment has not been mandatorily

imposed on Councils, and that some of the cuts can be met via changes in service-delivery without necessarily threatening the quality of services delivered, the points of conflict place Newport City Council in a severe dilemma for three main reasons.

- First, the demographic trends in Newport means that education budgets are likely to increase considerably in the medium to long-term, while at the same time pressures on social services for older provision will also likely increase during the same period. Therefore, the trade-off between younger and older groups in Newport will therefore become more acute as these conflicting interests increasingly play-out in policy and practice.
- Second, recognising that Newport City Council operates within wider democratic processes (also reflecting issues which are raised in Parameter four below) means that it is understandably difficult for Newport City Council to refuse to commit to the WG pledge, *even if* the above general trade-off is made more acute.
- Third, this dilemma or trade-off between younger and older populations has been made all the more severe in the 15/16 round of budget proposals given the accumulated year-on-year cuts which has occurred since the imposition of austerity measures from 2013/14 onwards. Moreover, these measures are likely to be imposed for at least another 3-5 years.
- In addition, it is also important to acknowledge that according to the public survey which the Commission conducted for the full report in the summer of 2013, that education is seen as the most important priority of Council according those citizens which were surveyed.
- However, despite these obvious pressures to keep to the WG commitment, we still recommend that Council should at least raise this as an issue in public debate given these increased dilemmas and conflicts which arise within and between educational and social services budgets.

#### *Parameter 2 Mutual obligations between citizens and local government*

- It seems that some of the priorities listed relate especially to this parameter, (most notably perhaps priorities 1, 4, 6, 8 and 10). The Commission notes that in *general* terms there may be little controversy regarding their prioritisation, but that when more *specific* issues are raised via this parameter, disagreements and conflicts arise which need to be further addressed by Council in the 2015/16 budget proposals and the Medium Term Financial Plan.
- For example, in regards to priority 4 (increasing recycling and diverting waste from landfill), although when first presented, this priority seems relatively uncontroversial, the important question it raises concerns what is the *specific* responsibility and obligations of local government to provide opportunities (and ease) for recycling and diversion from landfill, and what is the *specific* responsibility and obligations of citizens to make the best use of these opportunities. So, if increasing recycling is to be made a priority, then it is important to stress that controversial issues of fairness will tend to operate at this very detailed level of implementation, *rather than* in the general principle which, we believe, most people would concede to.
- The same question about precisely *where* the controversy over fairness is located can be raised concerning priority 10, making the City Centre safer at night; priority 1, supporting younger people into education, employment and training; and priority 6, preventing offending and re-offending of young people. All these priorities, while uncontroversial in their general presentation, raise issues which imply, in their more specific implementation, a difficult demarcation between government and citizen responsibility. As with parameter 1, Council should encourage a meaningful debate concerning what are fair expectations about these two specific sets of responsibilities and act accordingly.

#### *Parameter 3 Interdependency and reciprocity within community relations*

- Following from the focal points of debate regarding this parameter of fairness, it is important to address the following two questions when considering the proposed priorities: How are citizens enabled to positively participate in the life of the community over periods of time, for their own and others' benefit? And, how and when are equal opportunities and 'life chances' facilitated, so enabling citizens to participate effectively? These questions perhaps have a particular bearing on those 5 priorities listed which relate most directly to young people (priorities 1, 2, 3, 6 and 7), and those 2 priorities which most directly relate to economic development (priorities 5 and 12).

- It is significant that, following from the above, most forms of participation are defined in terms of paid work and the corresponding development of job opportunities and economic regeneration via education and training. Clearly, these kinds of activity are particularly important when understanding how the interdependent and reciprocal character of community relations are facilitated and enhanced. For example, contributing to the local and national economy via paid work (through the payment of taxes and increased economic productivity) is one of the main-planks of any vibrant and healthy community, and, uncontroversially, should be encouraged by local government through, for example, its education and training programmes.
- However, it is also important to highlight that many *other* forms of participation and contribution occur outside of paid work, most notably, concerning the unpaid labour that often women do in the home caring for children and other family members, voluntary work and wider forms of community participation, and other unpaid cultural and social activities. Given this distinction between paid and unpaid activities, the Commission is anxious to warn against the latter forms of participation being marginalised from mainstream debate, and being thought of as 'less important' than paid work activities.
- For example, it is unclear from the priority list what role Council sees unpaid activities playing in the development and enhancement of the social goods related to this parameter; and what support will be given by Council to those citizens engaged in such activities. Again, this lack of clarity is of particular concern for the NFC given the year-on-year austerity measures being imposed, and as Council is likely to increasingly rely on the unpaid work of carers and given other cuts in service provision. It is important to also ask, if Council has considered looking at the value of unpaid activity from a wider social audit perspective; and whether it has considered undertaking any basic action planning activities such as 'Issues Mapping' to understand the complex relationships between setting issues and priorities when making final choices? The concern of the NFC is that when so many of these issues are interlinked, prioritising certain actions and issues whilst may appear laudable, can have unintended consequences elsewhere and in less than immediately obvious ways.
- Finally, it is also notable that cultural participation of the kind facilitated by, for example, the prioritisation of library provision is now not listed, as compared with the priorities identified for consultation for 14/15. Again, as Council concentrates resources on groups considered to be the *most* needy and vulnerable, these kind of 'softer' less urgent priorities are likely to become targets for cuts. Again, this erosion of the lead that might be taken by Local Government in relation to these unpaid cultural and participatory infrastructures is of particular concern for the NFC. In addition, the NFC notes that the *Independent Library Report* (ILR) has been released in England on December 18th 2014, and that while this is obviously a report for England, it makes some very interesting suggestions on actions that indeed focus on the need for a greater interdependent relationship and cooperation between local authority and the people it serves (so reflecting the concerns of this parameter). The ILR report recommends actions that a local Government task-force: develops a culture of vigorous mutual support among local authorities through the sharing of good practice/resources and to seize the opportunities for even greater collaboration; considers all available options for the delivery of their library service; encourages more community involvement in the management of libraries through a variety of models.<sup>3</sup> The NFC strongly urge that appropriate serving officers within Newport Council consider this report and make recommendations to cabinet accordingly.

#### *Parameter 4 Transparency and accountability in decision-making*

- The Commission sees this process of consultation concerning Council's priorities as a central aspect of what it is to be transparent in its decision-making. It is also worth stressing that the priorities listed have been set, in part, through responding to the results of Council having its policies evaluated via quality assurance procedures which, quite rightly, hold the Council to account for its practices.
- Moreover, as stated in 2 above, the consultation process for this round of budgetary proposals – while subject to the usual alarmingly tight time-constraints imposed by the Welsh

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<sup>3</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/388989/Independent\\_Library\\_Report-18\\_December.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/388989/Independent_Library_Report-18_December.pdf)

Government (WG), plus the lateness of information being provided by the WG to local government decision-makers – is considerably improved compared with previous rounds. The Council's plan in 2015 for a series of activities and events which is intended to provide a wider engagement with the public over Council policy is to be commended. Hopefully, this will set in motion an ongoing 'conversation' on local government spending, savings and future service provision, which will be much wider and deeper than just 'agreeing' the budget for the year.

- However, there are still outstanding issues raised concerning how mature and meaningful channels of communication and exchange of views are facilitated between Council and citizens. Most notably, the Commission is again disappointed in the length of consultation allowed for considering the proposed priorities and budgets. Potential respondents were given just a few weeks to reply which is made all the more problematic by the Christmas/Holiday season, which would likely truncate further this period for those individuals and groups who may want to respond.
- It is also important to note that one of the reasons given for the narrow time period for consultation on priorities was the need to coordinate this list with budget proposals for 15/16 and the Medium Term Financial Plan. This reason is understandable given the close relationship between budget allocation and the identification of priorities for improvement as identified here. However, that these budget proposals have to be made again within a very narrow timeframe as a result of the very late Welsh Government release of figures is a considerable cause for concern – especially given the austerity measures being imposed, and the extremely difficult decisions Council are having to make as a result.
- For the NFC, the narrow timeframe for proper reflection and consultation being imposed by these timetabling constraints seriously undermines the process of fair transparency and accountability in decision-making. Nevertheless, the NFC would ask Council to consider developing a more meaningful dialogue with citizens on priorities, in the *lead-up* time to final figures being released, *given* these time constraints. That is, on the assumption that lot of 'early prep' can be done and thought be given, with public debate being facilitated and so on, in addressing the wider issues identified here concerning the four parameters of fairness and the implications for policy and practice. For example, it would be really helpful were Council to summarise how well the above priorities were met, when we reach this consultation stage next year, enabling interested parties to more usefully consider whether it was *worth* prioritising them in the first place. Also, the NFC would be able to more meaningfully comment on, what will be, additional cuts in the medium-term future, with a more coherent sense of what the impact of previous budget-rounds and prioritisations have been.
- In summary, the NFC believes that there is a danger during short periods of consultation and possibly inadequate spectrums/arenas of consultation that a range of 'voices' are not heard - either because of timing, incapacity to respond due to methods offered, lack of understanding of potential outcomes, general apathy, financial/capacity constraints, and so on. It is therefore vital for Council to consistently attempt to overcome each of these obstacles to consultation in order to ensure the best possible platform for decision-making and the setting of these priorities and budgets.

## Appendix 5 Service Area Draft Budgets

<b>Summary Revenue Budget</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Current Budget</b>	<b>Base Budget</b>
	<b>£'000</b>	<b>£'000</b>
<b>Lifelong learning &amp; Leisure</b>		
Schools	85,235	85,861
Improvement & inclusion	6,567	5,708
Resourcing & planning inc transport/catering)	7,505	8,055
Youth & Community services	618	547
Continuing learning & leisure (inc Partnership)	5,219	<b>4,591</b>
	<b>105,144</b>	<b>104,763</b>
<b>Social Services</b>		
Children & family services	20,179	19,921
Community care & adult services - older persons	23,147	21,506
Community care & adult services - physical disabilities	515	486
Community care & adult services - learning difficulties	15,437	14,849
Community care & adult services - mental health	3,543	3,326
Community care & adult services - other	(2,873)	<b>(3,032)</b>
Resources & strategy	1,413	1,413
	<b>61,361</b>	<b>58,469</b>
<b>Regeneration and Regulatory</b>		
Integrated Property Unit	5,141	<b>4,371</b>
Housing and Community Regeneration	1,807	1,587
Development Services	948	805
Public Protection	2,444	2,207
	<b>10,340</b>	<b>8,970</b>
<b>Street Scene</b>		
Street Scene East & Operational	4,450	<b>4,616</b>
Street Scene West & Strategy	2,469	2,366
Environmental Services	2,712	3,063
Strategic Street Scene	211	196
Integrated Transport Unit	2,510	<b>2,462</b>
	<b>12,352</b>	<b>12,703</b>
<b>Corporate Services</b>		
Directorate	628	602
Finance	3,187	2,842
HR & policy	2,170	2,095
IS & Communications	5,708	5,263
Law & standards	4,653	4,273
	<b>16,346</b>	<b>15,075</b>
<b>Capital Financing Costs &amp; Interest</b>		
Capital financing costs	11,060	10,684
Interest payable	11,646	10,991

Interest receivable	(37)	(37)
PFI grant	7,398	7,398
	<b>30,067</b>	<b>29,036</b>
<b>SUB TOTAL - SERVICE/CAPITAL FINANCING</b>	<b>235,610</b>	<b>229,015</b>
<b>Contingency Provisions</b>		
Restructuring / Other savings related costs	950	-
General	1,973	1,522
Insurance Premiums	569	569
Non Departmental Costs	5	5
Other Income & Expenditure	(440)	3,377
	<b>3,057</b>	<b>5,473</b>
<b>Levies/Other</b>		
Discontinued Operations - pensions	1,754	1,772
Discontinued Operations - Ex Gratia Payments	2	-
Levies - Drainage Board, Fire service etc	8,391	8,310
Non distributed grants	(1,476)	(1,476)
Non distributed costs		-
Extraordinary Items		-
NNDR Council Tax Rate Relief	76	76
Council Tax Benefit Rebates	10,863	11,436
	<b>19,610</b>	<b>20,118</b>
<b>Transfers to/(from) Reserves</b>		
Base budget - Planned Transfers to/(from) Reserves	5,653	6,571
Earmarked reserves: Queensbury Loan		
Earmarked reserves: Transfer to/(from) Capital		
Earmarked reserves: Transfer to/(from) Schools		
Invest to Save Expenditure		
Invest to Save Reserve transfer		
Other:xx		
Other:yy		
Other:zz		
	<b>5,653</b>	<b>6,571</b>
<b>TOTAL</b>	<b>263,930</b>	<b>261,177</b>
<b>Funded by</b>		
WAG funding (RSG & NNDR)	(214,826)	(209,254)
Council Tax	(49,104)	(52,117)
Council Tax Surplus		
<b>TOTAL</b>	<b>-</b>	<b>(194)</b>

## Appendix 6 Budget Investments

Unique ID	Service Group	Description	15/16	16/17	17/18	18/19
			£'000	£'000	£'000	£'000
1	Corporate	<b>Newport Matters</b> There is a budget pressure in 14/15 of £12k as a result of insufficient budget.	12			
1b	Corporate	<b>Marketing</b> - savings in marketing activity to provide headroom to utilise saved funds on City Council sponsorship of the Newport Food festival	10			
2	Corporate	<b>Welsh Translation</b> Due to new regulations we are now required to produce a bilingual NCC website. There is currently no budget allocated for this expenditure and a consultation process is underway to determine how much budget will be needed for future years. Next year could be up to £20k pressure.	20			
3	Education	<b>3 and 4 Year Olds</b> - The expansion of the Welsh Government Flying Start initiative, coupled with the general increase in population and the Local Authorities development of additional Nursery provision, means that from 2017/2018 additional funding is required to meet additional capacity needs.	0	0	40	40
4	Education	<b>Special School Demographics</b> - a net increase of 10 pupils for Special Schools for 2015/2016. This addition could avoid Out of County costs in excess of £300k, if these pupils were to be placed out of the area.	145	0	0	0
5	Education	<b>Out of County Placements.</b> Current projections show an overspend on current placement costs, allied with an in year increase of 11 additional pupils being placed out of county this year. Current budgets do not have the capacity to absorb this value.	400			

6	Education	Welsh Government has transferred a small number of specific grants into the general revenue settlement grant and therefore the specific grants need to be replaced by base budget . This covers the base budget required to replace the Autistic Spectrum Disorder grant	40			
7	Non-Service	<b>Newport Transport Dividend</b> - the dividend anticipated from the Bus Company is not achievable in current trading climate	154			
8	Non-Service	<b>Savings from Prior Years</b> - unachievable due to duplication with other saving proposals	245			
9	Non-Service	<b>Total Reward</b> - The Council's proposed new pay and grading structure and allowances framework, utilises the £3,750k budgeted for this project by April 2015. As staff move through their pay scales in subsequent 3 years, it will generate 'incremental' pay budget pressure. An additional estimated allowance for turnover has also been made.		1,597	1,060	761
10	Non-Service	Welsh Government has transferred a small number of specific grants into the general revenue settlement grant and therefore the specific grants need to be replaced by base budget . This covers the base budget required to fund borrowing costs for Newports currently approved 21 century schools programme.	38			
11	R&R	<b>Public Protection</b> - Within public protection budgets inflation has been added to and income targets increased where income is derived through statutory services and where fees are levied through Government Departments, and not the Council. These fees have not risen in line with assumptions made and require correction.	50	0	0	0
12	Social Services	<b>Fostering.</b> Changes to legislation regarding support for foster children up to the age of 25. No guidance available yet so value is unknown.				

13	Social Services	<b>Out of Area Residential Placements.</b> There was an increase in the number of children being placed in out of area residential placements in 13/14, which has been maintained in 14/15. Current projected costs are to continue for 15/16 and 16/17 (as at June 2014). There is currently a spike in demand which is anticipated to reduce in 16/17 and 17/18.	179			
14	Social Services	<b>External Legal Fees.</b> This is to reflect the current costs incurred in relation to expenditure on legal costs within the Children & Families service.	60			
15	Social Services	<b>Section 28a Funding</b> - There is a shortfall between the budget and the level of funding received from ABHB	20			
16	Social Services	<b>Leaving Care</b> - to correct the budget which is used as a 'stepping stone' for children who are being prepared for leaving the care system.	61			
17	Social Services	<b>Telecare Contract</b> - There is currently a large overspend on the Telecare budget which is due to the new Worcester contract which is costing the authority £100k more. This contract was previously provided by Newport City Homes at a third of the cost, however they unfortunately gave notice on the contract which resulted in NCC procuring another supplier.	100			
18	Social Services	Welsh Government has transferred a small number of specific grants into the general revenue settlement grant and therefore the specific grants need to be replaced by base budget . This covers the base budget required to replace the Family Support Service.	173			
19	Street Scene	<b>Street Scene</b> Rationalisation of public toilet provision across the City has not fully been implemented due to the City Centre re-development. Therefore, where some facilities are being maintained, running costs are required to keep these facilities open.	20			

20	Street Scene	<b>Street Scene</b> Additional income anticipated through additional trade waste and new contract on EDR/SDR maintenance have not transpired.	150			
21	Street Scene	<b>Street Scene</b> Reduction of 2/3rds of Welsh Assembly Government payment to administer Concessionary Fares issue of bus passes but costs will not reduce and therefore Council base budget is required to maintain this unavoidable service/cost.	60			
22	Street Scene	<b>Street Scene</b> Bridge and Barrier safety inspections are not currently being undertaken, although a statutory duty. The area is looking at collaborative working with Neighbouring Councils to share costs, however the costs of carrying out inspections is anticipated to be in the region of £100k per annum.	100			
23	Street Scene	<b>Street Scene Waste Issues</b> - This year will see a fall in the Council's 'Waste Grant' received from Welsh Government which funds its recycling services. But the service needs to be maintained at the same level in order to maintain & improve its recycling services and avoid potential fines.	375	0	0	0
24	Street Scene	<b>Street Scene</b> Re-introduction of grass cutting and weed spraying due to complaint levels and safety concerns have meant that previous efficiencies are not able to be made.	100			
37	Leisure	<b>Income Targets</b> - reduction to more realistic levels to match what is being achieved. This is important to ensure that the new Trust has realistic targets and funding	70			
<b>NEW BUDGET INVESTMENTS TOTALS</b>			<b>2,582</b>	<b>1,597</b>	<b>1,100</b>	<b>801</b>

Agreed/Revised Investments

Unique ID	Service Group	Description	15/16	16/17	17/18	18/19
			£'000	£'000	£'000	£'000
25	Non-Service	Increase in National Insurance rates following changes to regulations linked to 'contracted out' schemes such as the LGPS		2,500		
26	Non-Service	<b>Auto enrolment in Pension Scheme</b> Newport's staging date will be somewhere between 1st April and 30th June 2013. Staff earning over £8,105 will automatically be enrolled into a pension scheme for one month and will then have the ability to opt out of the scheme. Assuming all classes of employee currently not in a pension scheme stayed enrolled the maximum employers contribution (LGPS existing scheme) will cost £1.618m per annum. However it is assumed for budget purposes that only permanent staff will potentially stay in the scheme and that there will be minimal take up from Casual, Fixed Term, Seasonal, Sessional, and Temporary staff. It is not possible to assess how many permanent staff will remain in the pension scheme but it is felt prudent to make budget provision for 50% of this potential cost which equates to £0.507m.	101	101	101	0
27	Non-Service	<b>Living Wage</b> Second, full year impact of introducing the Living Wage into the Council. A similar amount was funded in the 2014/15 year and this provides the estimated £1m full year cost of this policy. It will be implemented from November 2014.	522			
28	Non-Service	<b>SDR PFI Scheme</b> Interest payable on SDR PFI reserve to maintain ability to fund future costs when annual PFI grant lower than costs	300	300	368	
29	Social Services	<b>Adults - Demographic Growth.</b> Funding based on current trends and demographic forecasts.	276	274	322	
30	Social Services	<b>Adults - Frailty Contribution to Pooled Budget from savings accrued.</b> Contribution required by the Gwent Frailty Project in order to fund the investment in the project to transform services. Contributions are currently based on the full funding being drawn down. Contributions to the pool will therefore be £685k in 14-15 and £719k in 15-16. £440k is already in the base budget.	169			

31	Social Services	<b>Social Worker Case Loads.</b> To comply with the Laming review - funding was required for additional posts to reduce social worker caseloads - the case load target has been achieved	275			
32	Education	<b>Primary School Demographics</b> - net increase between primary and nursery pupils, plus additional pupils for 2014/2015, which then feed into funding levels for 2015/2016 financial year. The following three years show a rise of 261, 174, and 230 respectively into the system from current information held.	694	469	310	411
33	Education	<b>Secondary School Demographics</b> - net decrease of 12 pupils for Secondary for 2014/2015. Constant increase of 24 pupils for both 15/16 and 16/17 with a further increase of approximately 78 pupils anticipated for 17/18.	0	0	29	197
34	Non-Service	<b>Capital programme MRP / Interest</b> Costs of capital programme MTRP/ interest, following a review of the programme in Sept/Oct 2014 and subsequent re-phasing of projects.	-414	354	-141	-331
35	Non-Service	<b>Other pressures' - To Be Identified</b> as annual detailed budget work undertaken - there is normally miscellaneous budget pressures identified. This amount here provides an 'allowance' for this - so that the overall budget gap in each year takes account of some amount for this.		400	400	400
36	Social Services	<b>Kinship.</b> to reflect a recurring annual overspend because of a continuing increase in the number of Special Guardianship Orders being made by the Courts.	122	0	0	
<b>AGREED/REVISED INVESTMENT TOTALS</b>			<b>2,045</b>	<b>4,398</b>	<b>1,389</b>	<b>677</b>

<b>BUDGET INVESTMENT TOTALS</b>	<b>4,627</b>	<b>5,995</b>	<b>2,489</b>	<b>1,478</b>
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## Appendix 7 Budget Savings

			15/16	16/17	17/18	18/19
Unique ID	Service Group	Proposal	£'000	£'000	£'000	£'000
1	Continuing Learning & Leisure	<b>Medieval Ship Project-</b> The Council will continue with Newport Medieval Ship project, however efficiency savings in the amount of £86,000 can be achieved whilst also undertaking this.	86			
2	Continuing Learning & Leisure	<b>Riverfront - Transfer of Riverfront Theatre to a Not for Profit Distributing Organisation</b> Alternative service delivery model as part of the a cultural not for profit Distributing organisation combining the Riverfront Theatre and Sport and Leisure Service.	150			
3	Continuing Learning & Leisure/ Streetscene	<b>Parks and Outdoor Recreation</b> - transfer to Streetscene and reduction in service offer	90			
4	Continuing Learning & Leisure/ Regeneration and Regulatory Services	<b>Change delivery of museum and art gallery service in the city</b> - Proposal is to maintain the Museum and Art Gallery in the Central Building through joint working with the Library Service to operate front of house functions more efficiently and reducing curatorial support to a minimum.	112	57		
5	Continuing Learning & Leisure/ Regeneration and Regulatory Services	To review and transform public <b>library services</b> within the City to meet the statutory responsibility of providing a “comprehensive and efficient library service”	233	104		

6	Corporate	<b>Member's Neighbourhood Allowances</b> End neighbourhood allowances.	25			
6B	Corporate	<b>IS&amp;C</b> - savings in maintenance contracts and licensing for legacy systems no longer needed as superceded by CRM system	75			
6C	Corporate	<b>Marketing</b> - savings in marketing activity spend to provide headroom to utilise savings to fund City Council sponsorship of the Newport Food Festival	10			
7	Corporate	<b>Mayorality</b> Reduce discretionary budgets for some of the Mayoral events and support services.	63			
8	Corporate	<b>Streamlined Centralised Communications and Marketing Service</b> Reduce discretionary marketing budget and move to a more streamlined function.	100			
9	Corporate	<b>Procurement Card Efficiencies</b> Project to implement more efficient use of payment cards across the authority leading to a greater usage cash rebate.	4			
10	Corporate	<b>Members Courier</b> Reducing need for courier services to transport documents to members' houses by utilising alternative distribution channels.	6			
11	Corporate	<b>Council Tax &amp; Non-Domestic Rates (NDR): Implement e-transactions and e-billing</b> To increase the volume of online transactions, especially e-billing, leading to reduced billing and postage costs.		5	5	
12	Corporate	<b>Centralisation and 20% reduction of training budgets</b> To centralise and reduce training budgets to ensure consistent and relevant use.	24			

13	Corporate	<b>Partnership and Policy Team Reduction</b> Reduction of non-staffing budgets (12% of the total budget), apart from a small amount to undertake partnership duties. This will also leave the £5k associated with the Fairness Commission and £13k for the support of the Youth Council.	47			
14	Corporate	<b>Council Tax Help for Pensioners Scheme</b> Discontinue grant to pensioners to assist with paying council tax.	160			
15	Corporate	<b>Health and Safety Income Target</b> Increase service provision to in-house, partner and third party organisations in order to attract income and reduce spend on other training providers.	15			
16	Corporate	<b>Law &amp; Standards</b> - Reduction of Senior Salary & Post in Cabinet	49			
17	Corporate	<b>Debtors deletion of one Scale 3 post (scp 14-17)</b> Delete one vacant post from the Income Management Team.	21			
18	Corporate	<b>Payments Team Efficiencies</b> Payments team efficiencies. The removal of 1 post due to the NORSE contract.	19.5			
19	Corporate	<b>Council Tax &amp; Non-Domestic Rates (NDR): Increase Court Costs</b> To increase standard court costs from £60.00 to £70.00 per liability order.	21			
20	Education	<b>Welsh Government Schools Pledge - in order to fund the Welsh Government pledge</b> the council is required to uplift schools budgets by 0.6%. However the Council in its inflationary forecasts included 0.9%, therefore the difference can be removed and the Council will still be honouring the pledge.	255			
21	Education	<b>Primary School Demographics</b> - Current pressures include a budget with regard to additional pupil numbers within the primary sector. If the council decides not to allocate demographic increases then the budget can be removed as efficiency.	694			

22	Non-Service	<b>Restructure of PWLB Loans</b> Repaying and then refinancing a select number of Public Work Loan Board loans would generate reduced interest costs.	500			
23	Non-Service	<b>Non-Domestic Rates (NDR): Discretionary Relief</b> To cease the Discretionary Rate Relief 'top-up' from 2016/17 and therefore qualifying organisations will receive the 80% mandatory rate relief only and not the top up to 100%.		38		
24	Non-Service	<b>Income Review</b> Complete a review of income opportunities across the council.	75			
25	Non-Service	<b>South Wales Fire budget - Reduction in Levy for 2015/16</b> Levy to South Wales Fire will reduce in line with the 2015/16 Levy request from the Fire Authority	94			
26	Non-Service	<b>Tax base</b> - as more housing is built within Newport - more Council Tax income is generated. This the additional C Tax income from current 14/15 rate at new tax base	530			
27	Non-Service	<b>Reduction in Private Finance Initiative (PFI) reserve contribution</b> Reduction/Defer the increase funding planned to be going into the PFI reserve. Officers are reviewing the PFI contract and this may require lower contributions going into the reserve in the future.	100			
28	Regeneration & Regulatory Services	<b>Development Services Reduction in post</b> - Reduction of technical planning support team by 1 FTE	19			
29	Regeneration & Regulatory Services	<b>Increased in anticipated planning application fee income</b> – There is an expected increase in the amount of planning application fee income that the council will receive due to the general upturn in the economy and therefore increased number of applications.	30			
30	Regeneration & Regulatory Services	<b>Housing - Delete Assistant Surveyor Post that exists in the Private Sector Housing Team</b>	13	13		
31	Regeneration & Regulatory Services	<b>Housing - Reduction in supplies and service budget</b>	3			

32	Regeneration & Regulatory Services	<b>Development Services - Reduction of pooled Admin Assistant post.</b> Deletion of a vacant post.	7			
33	Regeneration & Regulatory Services	<b>Development Services - Reduced training, transport and supplies and services budgets</b>	9			
34	Regeneration & Regulatory Services	<b>Warden Service</b> Increase proactive fixed penalty enforcement work, increasing income from fines.	30	5	5	
35	Regeneration & Regulatory Services	<b>LDP - Reduce Local Development Plan Budget</b> following a reassessment of necessary spend in 2015/16.	15	0	0	0
36	Regeneration & Regulatory Services	<b>Canteen - To review the civic centre catering provision to remove Council subsidy</b>	20	10	0	0
37	Regeneration & Regulatory Services	<b>Youth Service</b> - Integration of the youth service into the new skills and work team in regeneration, investment and housing	50			
38	Social Services	<b>Adults: Income Collection</b> - Revising the charging matrix. Applying no Severe Disability Payment disregard and increasing maximum weekly charge by £3. No-one will be charged more than £55, the current maximum fee allowed by the Welsh Government.	100			
39	Social Services	<b>Children &amp; Families: Social Worker Caseloads</b> - Removing of 15-16 pressure relating to additional social workers. Case loads are already below the national average.	275			
40	Social Services	<b>Adults: Frailty Contribution to Pooled Budget from savings accrued</b> - The contribution to the pooled budget for Gwent Frailty has been renegotiated by the partners thereby reducing the Newport contribution. This saving reduces the pressure on the budget for the annual payback to the frailty invest to save funding arrangements.	161			

41	Social Services	<b>Adults: Disabled Aids Pooled Budget Declaration</b> – Reduced expenditure on this joint Gwent arrangement for the disabled aids budget.	40			
42	Social Services	<b>Adults: Out of Hours Emergency Scheme</b> - renegotiated contract amount with Caerphilly CBC for our out of hours emergency social work response service	27			
43	Social Services	<b>Adults: Voluntary Sector Contract Review</b> - Contracts and Commissioning team are carrying out a detailed review of services that we procure through voluntary sector organisations	20			
44	Social Services	<b>Children &amp; Families: Voluntary Sector Contract Review</b> - Contracts and Commissioning team are carrying out a detailed review of services that we procure through voluntary sector organisations. This saving relates to the Advocacy service	7	3		
45	Social Services	<b>Adults: Improved Commissioning of Independent Domiciliary Care</b> Improving the commissioning of independent domiciliary care services.	325			
46	Social Services	<b>Children &amp; Families: Deletion of an Independent Reviewing Officer post</b>	32	11		
47	Social Services	<b>Children &amp; Families: Looked After Children Family Contact (based on projected underspend as at July 2014)</b> - The service are already achieving savings against budget by using the Family Contact Centre for parental visitations rather than external venues so this is an existing saving.	40			
48	Social Services	<b>Adults: Review of council run Residential Homes</b> - 2015/16 saving relates to use of currently vacant places	228			
49	Social Services	<b>Adults: Reassessments in Mental Health</b> - Replicating the process that has been carried out across learning disability services. Renegotiating contracts and carrying out reassessments to ensure all recipients of services meet the eligibility criteria.	180			

50	Social Services	<b>Children &amp; Families: Out of Area Residential</b> - Reduction in use and review of commissioning of high cost out of area residential placements.	50	50		
51	Social Services	<b>Children &amp; Families: Deletion of four long-term vacant posts in children services.</b>	200			
52	Social Services	<b>Children &amp; Families: Targeted reduction in the number of looked after children through prevention work - Savings on commissioned services (IFAs)</b>	100	200		
53	Social Services	<b>Adults : Combine Team Manager role</b>	48			
54	Social Services	<b>Children &amp; Families: Office relocation to the Civic Centre from Canolfan Serennu (Sparkle Centre)</b>	24			
55	Social Services	<b>Children &amp; Families: Psychologist post in Aneurin Bevan University Health Board - will now only be paying for 3 days per week</b>	20			
56	Social Services	<b>Children &amp; Families: Non - recourse to public funds.</b> There is a sustainable budget saving against this service due to the anticipated influx of Bulgarian and Romanian families not materialising	50			
57	Street Scene	<b>Transportation - Delete vacant post</b>	25			
58	Street Scene	<b>City Wide Streetscene Management</b> - To undertake a mini staff restructuring review to explore area working options.	29	10		
59	Street Scene	<b>Delete vacant service support officer post</b>	17			
60	Street Scene	<b>Energy - Reduction of street lighting energy budget</b> following lower than forecast inflationary price increases	50			

61	Street Scene	<b>Off-street parking banking procedures amendment</b> - To establish a new cash banking process.	10			
62	Street Scene	<b>City Centre Rising Bollards</b> - To cease operation of the rising bollard system to access roads of the city centre.	23			
63	Street Scene	<b>Review and restructure of operational highways team</b> - Consideration of a staff review along with applications for voluntary redundancies. Deletion of one vacant assistant supervisor post which would be realised through realignment of duties while ensuring no impact upon service delivery.	91	13		
64	Street Scene	<b>Increase resource to help public recycle waste</b> - To increase the resource at the Household Waste Recycling Centre to be able to help and support residents dispose of their waste correctly so that the recycling performance is improved.	30			
65	Street Scene	<b>Charging for DIY waste/rubble</b> - The council does not have a responsibility to accept residents' DIY or rubble waste at its HWRC site, therefore a charge could be imposed for such items.	40			
66	Street Scene	<b>Reuse Shop Increased Opening Hours</b> - To open the "Reuse" shop for an additional day each week.	5			
67	Street Scene	<b>Bus Subsidy</b> - Withdrawal of services where alternative transport is available within walking distance, and cease services with a high cost per passenger in subsidy. Cover with community transport provision for those elderly disabled individuals unable to walk the distance to the alternative transport.	68	8		
68	Street Scene	<b>Bus Shelter Maintenance</b> - To reduce bus shelter cleansing to every six months and maintenance kept to a minimum for the 130 bus shelters in residential areas of Newport.	18	4		
69	Street Scene	<b>Fleet Management</b> - Number of delivery options to be considered from in-house workshop (shared with neighbouring Authority) to other external contractors through procurement.		100		

70	Street Scene	<b>Green Waste Winter Collections</b> - To cease the collection of green waste between mid-November and mid-March.	140			
71	Street Scene	<b>Landfill Site Income</b> - Increased income from enabling the disposal of low grade 'Asbestos' in the Council's Landfill site	100	100		
97	Various	Energy/Fuel - reduction in budget and inflation allowed for on energy and fuel budgets due to reducing costs	187			
<b>NEW BUDGET SAVINGS TOTALS</b>			<b>6,515</b>	<b>731</b>	<b>10</b>	<b>-</b>

Agreed/Revised Budget Savings

Unique ID	Service Group	Proposal				
			15/16	16/17	17/18	18/19
			£'000	£'000	£'000	£'000
72	Continuing Learning & Leisure	<b>Seek alternative funding for the Big Splash event</b> - To save £50,000 by ending all direct Council spend on the Big Splash Festival from 2015 onwards. Staff would seek to identify alternative sources of funding, or to replace the event with other smaller, self-financing events.	50			
73	Continuing Learning & Leisure	<b>Seek alternative funding for food festival/Christmas events</b> - To make the events cost neutral. If this cannot be achieved the event will cease to operate. The proposal will also look to save £32,000 by reducing the net spend of the Council run City Centre events to zero. All activity after the 1st April 2015 would have to be self-funding through external grants, sponsorship or fees.	32			

74	Continuing Learning & Leisure	<b>Theatre &amp; Arts</b> - Stop direct delivery of arts development work unless covered by grant or fees/charges.	18			
75	Continuing Learning & Leisure	<b>Sport &amp; Leisure</b> - Alternative service delivery model.	412			
76	Corporate	<b>Procurement</b> To deliver savings from a combination of revenue and capital spending reductions by managing prices, demand and standardising specification of goods and services procured by the Council. To implement and role out electronic procurement across the Council to capture management information to identify subsequent procurement opportunities. To minimise the cost of the Procure to Pay function by reducing administrative costs. To reduce invoice volumes to limit the administrative burden on services.	200			
77	Education	<b>Joint Working with Social Services</b> - Anticipated saving in respect of reduced out of county placements and potential to income generate through offering school places across Gwent. This saving has been profiled in line with the opening of the new Autistic Spectrum Disorder school.		43	73	30
78	Social Services	<b>Adults: Reprovision of New Willows</b> - It is planned to close New Willows and provide alternative residential respite. However, this will not happen until a credible alternative is in place.	36	88		
79	Social Services	<b>Adults: Hillside - Closure of Facility.</b> Last residents of Hillside moved out in 2014.	625			
80	Social Services	<b>Adults: Active living in older people</b> - Continuation of 14-15 change programme. Includes various work streams e.g. telecare implementation, on-going reassessments, reablement and restructure of city council provided home care.	560			
81	Social Services	<b>Adults: Promoting Independence</b> - Continuation of 14-15 change programme regarding on-going reassessments, alternative market provision for high cost residential educational placements and make more efficient use of city-council day care services.	709	270		

82	Continuing Learning & Leisure/ Regeneration and Regulatory Services	<b>Voluntary Managed Community Centres</b> -Withdraw support for the voluntary managed community centres	29			
83	Continuing Learning & Leisure/ Regeneration and Regulatory Services	<b>New Regeneration model</b> - A new model is being proposed which will change the way the service is delivered.	72			
84	Corporate	<b>Centralise Marketing budget</b> More effective use of existing marketing channels and resources and increased use of digital channels such as web and social media. The move to this alternative service delivery will be phased over three years and started in 2013/14 to deliver savings of 20% (2013/14), 10% (2014/15) and 5% (2015/16).	14			
85	Corporate	<b>New Ways of Working</b> The aim of this proposal is to deliver more efficient and effective support arrangements within services by making full use of technology to reduce and automate paper processes. Implementing these improved processes will remove duplication and unnecessary bureaucracy and will benefit both internal and external customers.	247			
86	Corporate	<b>Channel Shift - CC</b> Continuation of the strategy to direct customers to more cost effective self-service channels by providing appropriate facilities, equipment, training and guidance.	42			
87	Corporate	<b>Right People, Right Skills, Right Place</b> (delaying and VR process) Reduce the number of management layers across the organisation.	800			
88	Education	<b>All Wales student finance</b> The Welsh Government's longer term aim of centralising the function of administering student finances will save £70k when implemented. Newport already collaborates on this activity with administration being undertaken through Cardiff City Council via a service level agreement.	70			

89	Education	<b>Out of City ALN Placements</b> - as a result of New Provision The development of a specialist Autistic Spectrum Disorder school provision within the city will potentially lead to pupils being brought back from out of county placements. This is part funded through 21st Century Schools Funding.		186	134	
90	Education	<b>Home to School Transport</b> The home to school transport distance was changed from the discretionary three miles to the statutory limit of two miles in September 2014. It only applies to new pupils as they enter secondary school.	60	60	60	
91	Education	<b>Strategic Commissioning in Education</b> A change in school funding arrangement whereby they are given control of budgets to buy certain services.	126			
92	Non-Service	<b>Council Tax 1%</b> This is the additional income from a 1% council tax rise across the period of the medium term financial plan	370	390	410	430
93	Regeneration & Regulatory Services	<b>CCTV</b> - Establish the CCTV Services as a cost neutral service by generating additional income	155	52		
94	Regeneration & Regulatory Services	<b>Property Services</b> - The service is now being delivered by a joint venture company.	98	53	106	
95	Street Scene	<b>Prosiect Gwyrdd</b> - Commencing 1 April 2016. Associated landfill site savings and additional income generated from external customers		1,108	35	
96	Street Scene	<b>Commercial Waste</b> - Additional income opportunities by allowing more commercial waste to be deposited at the landfill site.		250	250	
<b>AGREED/REVISED BUDGET SAVINGS TOTALS</b>			<b>4,725</b>	<b>2,500</b>	<b>1,068</b>	<b>460</b>

<b>BUDGET SAVINGS TOTALS</b>	<b>11,240</b>	<b>3,231</b>	<b>1,078</b>	<b>460</b>
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## Appendix 8 - Capital Programme 2015/16 – 2017/18

SCHEME	CAPITAL BUDGET			NOTES
	2015/16 £000's	2016/17 £000's	2017/18 £000's	
<b>EDUCATION &amp; YOUNG PEOPLE</b>				
STEP 4	594	150	150	Slippage/ Ongoing scheme
New ASD Facility	0	2,816	0	Additional service requirement, reprofiled
21C Schools - Nursery Education Provision	373	392	7	NCC / WG grant funded, scheme in progress
21C Schools - Welsh Medium Primary Provision	333	20	0	NCC / WG grant funded, scheme in progress
21C Schools - Capacity Building for Pupils with ASD	866	0	0	NCC / WG grant funded, scheme in progress
21C Schools - School Reorganisation - Lodge Hill New Build	2,500	2,500	0	NCC / WG grant funded scheme
21C Schools - Capacity Building - Replacement of Demountables	1,750	500	500	NCC / WG grant funded, scheme in progress
21C Schools - Welsh Medium Secondary (WM2) Project	5,750	6,000	5,000	NCC/ Monmouthshire / WG grant funded
Duffryn - Additional Funding	0	0	4,000	Additional service requirement
Primary Place Challenge	480	500	1,000	Allocation brought forward from future years
Installation of a catering Cashless System in all Primary Schools	290	0	0	Slippage/ Ongoing scheme
Bassaleg Comprehensive School - Security Fencing	280	0	0	New scheme
<b>LEISURE &amp; CULTURE</b>				
Leisure Booking System - Replacement computers	0	54	0	Other service area requirement - Leisure Trust
Sport & Leisure Fitness Equipment Replacement Programme	49	0	0	Slippage/ Ongoing scheme - Leisure Trust
IT Solutions for Resource Management Systems (Gladstone)	0	64	0	Other service area requirement - Leisure Trust
Box Office Management Solutions Software	0	0	50	Other service area requirement - Leisure Trust
NISV Reen Improvements	20	0	0	Slippage/ Ongoing scheme

Medieval Ship - Purchase of Freeze Drier	15	0	0	Slippage/ Ongoing scheme
Llswerry Recreation Ground Changing Rooms	225	0	0	Slippage/ Ongoing scheme
Provide & Improve Caerleon Library	35	0	0	Slippage/ Ongoing scheme
Graig Area Play Facilities	306	0	0	Ongoing scheme
Central Library Structural Works	500	0	0	New scheme
<b>REGENERATION &amp; DEVELOPMENT</b>				
Education through Restoration: Fourteen Locks	72	0	0	Slippage/ Ongoing scheme
Gypsy Traveller Site Development	650	650	0	Other service area requirement
Vibrant & Viable Cities Grant	4,042	4,311	0	WG grant annual allocation
<b>IT, HR &amp; ASSETS</b>				
Print 2010 - Managed Printer Service	0	404	0	Cyclical requirement
Asset Management	2,012	1,500	1,500	Annual allocation, adjusted for slippage
Replacement of High Volume Printing/ Copying Machines	0	0	103	Cyclical requirement
IT Replacement Schemes	550	550	550	Annual allocation
Implementation of PROFILE (HR self-serve) System	100	0	0	Slippage/ Ongoing scheme
Preparatory Works Allocation	100	100	100	Annual allocation
Superconnected Cities Broadband Voucher Scheme	350	0	0	Fully grant funded project
Amount Reserved for Change & Efficiency Programme (Schemes to be confirmed)	4,219	3,000	2,200	Subject to ongoing review to determine specific requirements
<b>LICENSING &amp; STATUTORY FUNCTIONS</b>				
CCTV	270	0	0	Slippage/ Ongoing scheme
<b>SOCIAL CARE &amp; WELLBEING</b>				
Appliances/Equipment for Disabled	165	165	165	Annual allocation
Telecare Service Equipment	33	0	0	Slippage/ Ongoing scheme
Renovation Grants	1,436	1,436	1,436	Annual allocation
Peterstone Sewage Scheme	63	0	0	Slippage/ Ongoing scheme

Residential Unit with 6 places for young people with acute complex needs	250	0	0	Other service area requirement
<b>INFRASTRUCTURE</b>				
Maintenance, Footways and Street Lighting	500	500	500	Increased annual allocation
Fleet Replacement Programme	3,034	2,185	2,012	Slippage/ Ongoing scheme
Waste Disposal site - Finishing & Development works	879	829	790	Slippage/ Ongoing scheme
Bus Station- City Centre Redevelopment	1,740	0	0	Slippage/ Ongoing scheme
Decommissioning of Public Toilets	10	0	0	Slippage/ Ongoing scheme
Devon Place Footbridge	1,790	0	0	Proposal to be confirmed
St Julian's Park Ecological Translocation Site	6	3	0	Ongoing scheme
Development of Travel Plan (Simon Nichols)	45	0	0	Ongoing scheme
<b>TOTAL EXPENDITURE</b>	<b>36,682</b>	<b>28,629</b>	<b>20,063</b>	
<b>Funded By:</b>				
General Capital Grant	2,431	2,260	2,192	
Supported Borrowing	3,996	3,713	3,601	
Unsupported/ Prudential Borrowing	13,055	8,963	10,544	
Capital Receipts	3,160	4,069	451	
External Grants	12,713	9,217	3,172	
Revenue Contributions	290	0	0	
S106 & Other Contributions	1,037	3	0	
Finance Lease	0	404	103	
<b>TOTAL FUNDING</b>	<b>36,682</b>	<b>28,629</b>	<b>20,063</b>	

## Appendix 9 Treasury Management Strategy and Prudential Indicators

### Prudential Code Indicators, Minimum Revenue Policy, Treasury Management and Investment Strategy Statements 2015/16

#### Introduction

In June 2009 the Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 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 April 2010 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.

The Authority borrows/invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk is therefore central to the Authority's treasury management strategy.

#### Economic Background

There is momentum in the UK economy, with a continued period of growth through domestically driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.

The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee. Despite two MPC members having voted for a 0.25% increase in rates at each of the meetings August 2014 onwards, some Committee members have become more concerned that the economic outlook is less optimistic than at the time of the August Inflation Report.

#### Credit outlook:

The transposition of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The Bank Recovery and Resolution Directive promote the interests of individual and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast Deposit Guarantee Schemes Directive includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, **the credit risk associated with making unsecured bank deposits will increase** relative to the risk of other investment options available to the Authority.

### **Interest rate forecast:**

The Authority's treasury management advisor Arlingclose forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. Arlingclose believes the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%. The risk to the upside (i.e. interest rates being higher) is weighted more towards the end of the forecast horizon. On the downside, Eurozone weakness and the threat of deflation have increased the risks to the durability of UK growth. If the negative indicators from the Eurozone become more entrenched, the Bank of England will likely defer rate rises to later in the year. Arlingclose projects gilt yields on an upward path in the medium term, taking the forecast average 10-year PWLB loan rate for 2015/16 to 3.40%.

1. A more detailed economic and interest rate forecast provided by the Authority's treasury management advisor is attached at **Appendix A**.
2. The Authority currently has £164m of external borrowing and £0.3m of 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.

### **Capital Financing Requirement**

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources 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 and the on-going loan to Queensbury Real Estates (Newport) Ltd, but holds minimal investments and will therefore be required to borrow up to £35m over the forecast period.

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 2014/15.

**Table 1: Balance Sheet Summary and Forecast**

	<b>31.3.15 Estimate £m</b>	<b>31.3.16 Estimate £m</b>	<b>31.3.17 Estimate £m</b>	<b>31.3.18 Estimate £m</b>	<b>31.3.19 Estimate £m</b>
CFR	319.9	376.6	375.7	285.4	274.4
Less: Other long-term liabilities *	-51.3	-49.3	-47.4	-45.5	-43.8
<b>Borrowing CFR</b>	<b>268.5</b>	<b>327.3</b>	<b>328.3</b>	<b>239.9</b>	<b>230.6</b>
Less: External borrowing **	-163.1	-159.3	-156.2	-135.3	131.0
<b>Borrowing Required</b>	<b>105.40</b>	<b>168.0</b>	<b>172.1</b>	<b>104.5</b>	<b>99.7</b>
Less: Usable reserves	-68.3	-58.5	-52.7	-52.8	-52.8
<b>New Net Borrowing Requirement</b>	<b>37.1</b>	<b>109.5</b>	<b>119.3</b>	<b>51.7</b>	<b>46.9</b>

\*finance leases and PFI liabilities that form part of the Authority's debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

## **Borrowing Strategy**

The Authority currently holds £164.4 million of loans 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 £19 million for capital spend before the end of the 2015/16 financial year. In addition, borrowing associated with the Friars Walk Development will be incurred on a monthly spend basis up to a maximum of £90 million.

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty 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.

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. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-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 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. 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 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- Special purpose companies created to enable joint local authority bond issues.

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

The Authority holds £35m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £25m of these LOBOS have options during 2015/16, and although the Authority understands that lenders are extremely unlikely to exercise their options in the current low interest rate environment,

there remains a remote element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

Short-term and variable rate loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators 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. Some bank 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 saving or reduction in risk.

### **Annual Investment Strategy**

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held.

Both the CIPFA Code and the WG Guidance require the Authority 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 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 receiving unsuitably low investment income.

Given the increasing risk and continued low returns from short-term unsecured bank investments it is envisaged that majority of the Authorities surplus cash will continue to be invested in short-term unsecured bank deposits.

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the required credit rating criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the Banking Reform Act 2014 and the EU Bank Recovery and Resolution Directive are implemented. The Authority may invest its surplus funds with any of the counterparties that meet the definition and credit type as documented in table 1 and additional explanation are:

- **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and designated 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. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits.
- **Current Account Bank:** The banking contract with Santander UK PLC was renewed for a further three years from 1<sup>st</sup> April 2013. Santander UK PLC is currently rated above the minimum required A- rating. Should the credit ratings fall below A-, the Authority may continue to deposit surplus cash with Santander UK PLC providing that investments that can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).
- **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and designated building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they 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 highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- **Government:** Loans, bonds and bills issued or guaranteed by UK government, regional and local authorities. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Government may be made in unlimited amounts for up to 50 years.

- **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent.
- **Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services they retain a high likelihood of receiving government support if needed. The Authority will consider investing with unrated Registered Providers with adequate credit safeguards, subject to receiving independent advice.
- **Pooled Funds:** Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.
- **Building Societies.** For rating purposes, Building Societies are classed as unsecured banks and have their own individual credit ratings. The Government has announced plans to amend the building society insolvency regime alongside its plans for wide ranging banking reform, and investments in lower rated and unrated building societies will therefore be kept under continuous review.
- **Money Market Funds:** These funds are pooled investment vehicles consisting of money market deposits and similar instruments. They have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Fees of between 0.10% and 0.20% per annum are deducted from the interest paid to the Authority. Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while funds whose value changes with market prices and/or have a notice period will be used for longer investment periods. However, it is not envisaged that the Authority will use the facility of Money Market funds in the short term, until it is financially prudent to do so.
- **Other Organisations:** The Authority may also invest cash with other organisations, for example by making loans to businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.
- **Bond, equity and property** funds 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. It is not envisaged that the Authority will use the facility of pool funds in the in the short term.

#### **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. Where the Treasury advisor provides advice relating to a specific named counterparty then the Authority will act upon that advice relating to the duration of exposure and amount.

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 “rating watch negative” or “credit watch negative”) 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.

**Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, 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, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- 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 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. 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.

- **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled fund; and investments with bodies and schemes not meeting the definition on high credit quality. Appendix D sets out the investment limits/ maximum maturity periods for Non-specified investments.
- **Approved Instruments:** The Authority may lend or invest money using any of the following instruments:
  - interest-bearing bank accounts,
  - fixed term deposits and loans,
  - callable deposits and loans where the Authority may demand repayment at any time (with or without notice),
  - certificates of deposit,
  - bonds, notes, bills, commercial paper and other marketable instruments, and

- shares in money market funds and other pooled funds.
- Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.
- **Liquidity management:** The Authority uses purpose-built cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated 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.

### **Monitoring & reporting on the Treasury Management and capital Prudential Indicators**

The Head of Finance will report to the Audit committee/ Cabinet/ Council on treasury management activity, performance and Treasury/Capital Prudential Indicators (set out in Appendix E ) as follows:

- Half Yearly and then annually against the strategy approved for the year. The annual report will be produced normally by July of the following year but in any event no later than 30<sup>th</sup> September.
- The Audit Committee will be responsible for the scrutiny of treasury management activity and practices.

### **Other Items**

- There are a number of additional items that the Authority is obliged by CIPFA or WG to include in its Treasury Management Strategy.
- **Policy on Use of Financial Derivatives:** In the absence of any legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.
- **Investment Training:** The needs of the Authority's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- Staff members regularly attend training courses, seminars and conferences provided by Arlingclose and other organisations.
- **Investment Advisers:** The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The service provided by Arlingclose continues to meet all expectations and the advice given especially in relation to investment counterparties and credit ratings has allowed the Council to action the changes needed, especially in removing counterparties from the approved list, in a prompt and timely manner.

### **Financial Implications**

- Investment income in 2015/16 is anticipated to be in the region of £25k. The approximate debt interest to be paid in 2015/16 is expected to be in the region of £14.9million (this includes Queensbury interest payments and maturities) If actual levels of investments and borrowing differ from those forecast, performance against budget will be correspondingly different.

### **Other Options Considered**

- The WG Guidance and the CIPFA Code do 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Reduced risk of losses from credit related defaults, but any such losses will 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 will 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 will 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 will 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 will be less certain

## Appendix A – Arlingclose Economic & Interest Rate Forecast December 2014

### Underlying assumptions:

- The UK economic recovery has continued. Household consumption remains a significant driver, but there are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP throughout this year.
- We expect consumption growth to slow, given softening housing market activity, the muted outlook for wage growth and slower employment growth. The subdued global environment suggests there is little prospect of significant contribution from external demand.
- Inflationary pressure is currently low and is likely to remain so in the short-term. Despite a correction in the appreciation of sterling against the US dollar, imported inflation remains limited. We expect commodity prices will remain subdued given the weak outlook for global growth.
- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee.
- Nominal earnings growth remains weak and below inflation, despite large falls in unemployment, which poses a dilemma for the MPC. Our view is that spare capacity remains extensive. The levels of part-time, self-employment and underemployment are significant and indicate capacity within the employed workforce, in addition to the still large unemployed pool. Productivity growth can therefore remain weak in the short term without creating undue inflationary pressure.
- However, we also expect employment growth to slow as economic growth decelerates. This is likely to boost productivity, which will bear down on unit labour costs and inflationary pressure.
- In addition to the lack of wage and inflationary pressures, policymakers are evidently concerned about the bleak prospects for the Eurozone. These factors will maintain the dovish stance of the MPC in the medium term.
- The continuing repair of public and private sector balance sheets leave them sensitive to higher interest rates. The MPC clearly believes the appropriate level for Bank Rate for the post-crisis UK economy is significantly lower than the previous norm. We would suggest this is between 2.5 and 3.5%.
- While the ECB is likely to introduce outright QE, fears for the Eurozone are likely to maintain a safe haven bid for UK government debt, keeping gilt yields artificially low in the short term.

### Forecast:

- Arlingclose continues to forecast the first rise in official interest rates in Q3 2015; general market sentiment is now close to this forecast. There is momentum in the economy, but inflationary pressure is benign and external risks have increased, reducing the likelihood of immediate monetary tightening.
- We project a slow rise in Bank Rate. The pace of interest rate rises will be gradual and the extent of rises limited; we believe the normalised level of Bank Rate post-crisis to range between 2.5% and 3.5%.
- The short run path for gilt yields is flatter due to the deteriorating Eurozone situation. We project gilt yields on an upward path in the medium term as documented in the table below.

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
<b>Official Bank Rate</b>														
<b>Upside risk</b>		0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>0.75</b>	<b>1.00</b>	<b>1.00</b>	<b>1.25</b>	<b>1.25</b>	<b>1.50</b>	<b>1.50</b>	<b>1.75</b>	<b>1.75</b>	<b>1.75</b>
<b>Downside risk</b>				0.25	0.25	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
<b>3-month LIBID rate</b>														
<b>Upside risk</b>	0.05	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.55</b>	<b>0.60</b>	<b>0.65</b>	<b>0.85</b>	<b>1.00</b>	<b>1.15</b>	<b>1.30</b>	<b>1.45</b>	<b>1.60</b>	<b>1.75</b>	<b>1.85</b>	<b>1.95</b>	<b>2.05</b>	<b>2.15</b>
<b>Downside risk</b>	0.10	0.15	0.20	0.30	0.40	0.55	0.65	0.75	0.85	-0.95	-0.95	-0.95	-0.95	-1.00
<b>1-yr LIBID rate</b>														
<b>Upside risk</b>	0.10	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	<b>0.95</b>	<b>1.00</b>	<b>1.05</b>	<b>1.20</b>	<b>1.35</b>	<b>1.50</b>	<b>1.65</b>	<b>1.80</b>	<b>1.95</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>
<b>Downside risk</b>	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.75	-0.80	-0.80	-0.80	-0.80
<b>5-yr gilt yield</b>														
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>1.70</b>	<b>1.75</b>	<b>1.90</b>	<b>2.00</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>	<b>2.40</b>	<b>2.50</b>	<b>2.60</b>	<b>2.70</b>	<b>2.80</b>	<b>2.90</b>	<b>2.95</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.60	-0.65	-0.70	-0.70	-0.70	-0.70
<b>10-yr gilt yield</b>														
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>2.40</b>	<b>2.45</b>	<b>2.55</b>	<b>2.60</b>	<b>2.65</b>	<b>2.70</b>	<b>2.75</b>	<b>2.80</b>	<b>2.85</b>	<b>2.90</b>	<b>2.95</b>	<b>3.00</b>	<b>3.05</b>	<b>3.10</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
<b>20-yr gilt yield</b>														
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>2.90</b>	<b>2.95</b>	<b>3.05</b>	<b>3.10</b>	<b>3.15</b>	<b>3.20</b>	<b>3.25</b>	<b>3.30</b>	<b>3.35</b>	<b>3.40</b>	<b>3.45</b>	<b>3.45</b>	<b>3.50</b>	<b>3.55</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60
<b>50-yr gilt yield</b>														
<b>Upside risk</b>	0.30	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	<b>3.00</b>	<b>3.05</b>	<b>3.10</b>	<b>3.15</b>	<b>3.20</b>	<b>3.25</b>	<b>3.30</b>	<b>3.35</b>	<b>3.40</b>	<b>3.45</b>	<b>3.50</b>	<b>3.50</b>	<b>3.55</b>	<b>3.60</b>
<b>Downside risk</b>	-0.30	-0.35	-0.35	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60

**Appendix B – Existing Investment & Debt Portfolio Position**

	<b>05/01/15 Actual Portfolio £m</b>
<b>External Borrowing:</b>	
PWLB – Fixed Rate	71.29
Market Loans	35.00
Stock Issue	40.00
Temporary loans - Queensberry	17.97
Other Soft Loans	.20
<b>Total External Borrowing</b>	<b>164.46</b>
<b>Other Long Term Liabilities:</b>	
PFI	51.27
Finance Leases and other	0.67
<b>Total Gross External Debt</b>	<b>216.4</b>
<b>Investments:</b>	
Short-term investments	.30
Long-term investments	.00
<b>Total Investments</b>	<b>.30</b>
<b>Net Debt</b>	<b>432.5</b>

## Appendix C – Operational Investment Counterparties List

### COUNTERPARTY LIMITS FOR BANKING – UK INSTITUTIONS

Instrument	Country/ Domicile	Counterparty - Banking UK Institutions	Maximum Counterparty Limit and Group Limit (if applicable)	Maximum Lending Period
Term Deposits/ Call Accounts/ CDs	UK	Santander UK Plc. (Banco Santander Group)	£4,000,000	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Bank of Scotland /Lloyds TSB (Lloyds banking group)	£4,000,000	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Barclays Bank Plc.	£4,000,000	6 Months
Term Deposits/ Call Accounts/ CDs	UK	HSBC Bank Plc.	£4,000,000	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Nationwide Building Society	£4,000,000	6 Months
Term Deposits/ Call Accounts/ CDs	UK	Royal Bank of Scotland/ National Westminster Bank (Royal Bank of Scotland Group)	£4,000,000	Overnight*
Term Deposits/ Call Accounts/ CDs	UK	Standard Chartered Bank	£4,000,000	6 Months

\* based on specific advice from Arlingclose

## Appendix D - Prudential Indicators 2015/16 – 2017/18

### 1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

### 2. Gross Borrowing and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement, which is used for comparison with gross external debt.

The Head of Finance reports that the authority will have no difficulty meeting this requirement in 2014/15, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### 3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

<b>Capital Expenditure</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
<b>Total</b>	<b>26.4</b>	<b>36.7</b>	<b>28.6</b>	<b>20.1</b>

3.2 Capital expenditure will be financed or funded as follows:

<b>Capital Financing</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>
Capital receipts	0.6	3.2	4.1	0.4
Government Grants	2.4	2.4	2.2	2.2
Other Specific Grants	13.2	12.7	9.2	3.2
S106 Contributions	0.6	1.0	0.0	0.0
Revenue contributions	0.4	0.3	0.0	0.0
<b>Total Financing</b>	<b>17.2</b>	<b>19.6</b>	<b>15.5</b>	<b>5.8</b>
Supported borrowing	3.9	4.0	3.7	3.6
Unsupported borrowing	5.1	13.1	9.0	10.6
Finance Leases	0.2	0.0	0.4	0.1
<b>Total Funding</b>	<b>9.2</b>	<b>17.1</b>	<b>13.1</b>	<b>14.3</b>
<b>Total Financing and Funding</b>	<b>26.4</b>	<b>36.7</b>	<b>28.6</b>	<b>20.1</b>

### 4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

<b>Ratio of Financing Costs to Net Revenue Stream</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>	<b>2016/17 Estimate %</b>	<b>2017/18 Estimate %</b>	<b>2018/19 Estimate</b>
<b>Total</b>	<b>8.4%</b>	<b>8.9%</b>	<b>9.2%</b>	<b>9.6%</b>	<b>9.8%</b>

## 5. Capital Financing Requirements:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate
<b>Total CFR</b>	319.9	376.6	375.7	285.4	274.4

## 6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2014	£000
Borrowing	156,046
Other Long-term Liabilities	53,431
<b>Total</b>	<b>209,477</b>

## 7. Incremental Impact of capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax*	7.39	6.74	7.34	6.58

\*Assumes a 4.5% increase in 15/16 and 4.0% cumulative thereafter increase in Council Tax although no decision has been taken to this effect. The Friars Walk Loan have been excluded from these calculation as it is not part of the capital programme.

## 8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external-borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long-term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

<b>Authorised Limit for External Debt</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
Borrowing	299	306	217	208
Other Long-term Liabilities	49	47	46	44
<b>Total</b>	<b>348</b>	<b>353</b>	<b>263</b>	<b>252</b>

8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Head of Finance has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported in the next regular capital/treasury monitoring report to be submitted to Cabinet/Council.

<b>Operational Boundary for External Debt</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
Borrowing	269	276	187	178
Other Long-term Liabilities	49	47	46	44
<b>Total</b>	<b>318</b>	<b>323</b>	<b>233</b>	<b>222</b>

8.7 The projected external borrowing comparison with the operational borrowing limits are

<b>Operational Boundary comparison with projected Debt</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
Projected Borrowing	198	245	240	150	150
Operational Borrowing limit	200	269	275	187	177
<b>Variance</b>	<b>-2</b>	<b>-24</b>	<b>-35</b>	<b>-37</b>	<b>-27</b>

## 9. Adoption of the CIPFA Treasury Management Code:

9.1 This indicator demonstrates that the Council has adopted the principles of best practice.

<b>Adoption of the CIPFA Code of Practice in Treasury Management</b>
The Council approved the adoption of the CIPFA Treasury Management Code at its Council meeting on 29 <sup>th</sup> June 2009.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies and procedures and will update its treasury management practice documentation in due course.

**10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:**

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments)

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises that could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	<b>Existing limit at 31/03/14 %</b>	<b>2014/15 Estimate %</b>	<b>2015/16 Estimate %</b>	<b>2016/17 Estimate %</b>	<b>2017/18 Estimate %</b>
<b>Upper Limit for Fixed Interest Rate Exposure</b>	100%	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>	50%	50%	50%	50%	50%

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

**11. Maturity Structure of Fixed Rate borrowing:**

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

11.3 LOBO's are classified as maturing on the next call date i.e. the earliest date that the lender can require repayment and as most of these loans are on six monthly notice period, then they increase the under 12 months percentage accordingly, though it is considered unlikely all will be called within one financial year.

11.4 The greatest concentration of debt is in the financial year 2019/20 when the stock issue (£40m) matures. A strategy to deal with the repayment will be prepared closer to the maturity date.

<b>Maturity structure of fixed rate borrowing (Newport CC debt)</b>	<b>Existing level at 31/12/14 %</b>	<b>Lower Limit for 2015/16 %</b>	<b>Upper Limit for 2015/16 %</b>
under 12 months	17%	0%	40%
12 months and within 24 months	3%	0%	20%
24 months and within 5 years	49%	0%	70%
5 years and within 10 years	8%	0%	50%
10 years and within 20 years	11%	0%	30%
20 years and within 30 years	1%	0%	20%
30 years and within 40 years	0%	0%	20%
40 years and within 50 years	11%	0%	20%
50 years and above	0%	0%	20%

**12. Credit Risk:**

- 12.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.
- 12.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.
- 12.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:
- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
  - Sovereign support mechanisms;
  - Credit default swaps (where quoted);
  - Share prices (where available);
  - Economic fundamentals, such as a country's net debt as a percentage of its GDP;
  - Corporate developments, news, articles, markets sentiment and momentum;
  - Subjective overlay.
- 12.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.
- 13. Upper Limit for total principal sums invested over 364 days:**
- 13.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested. Especially in relation to 2015/16, it is considered unlikely that investments with maturity of more than 364 days from the date of investment will be made.

<b>Upper Limit for total principal sums invested over 364 days</b>	<b>2014/15 Estimate £m</b>	<b>2015/16 Estimate £m</b>	<b>2016/17 Estimate £m</b>	<b>2017/18 Estimate £m</b>	<b>2018/19 Estimate £m</b>
	4	4	4	4	4

## Appendix F – Minimum Revenue Provision (MRP) Statement 2015/16

1. The Welsh Government's Guidance on Minimum Revenue Provision (issued in 2010) places a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Welsh Ministers and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.
2. The four MRP options available are:
  - Option 1: Regulatory Method
  - Option 2: CFR Method
  - Option 3: Asset Life Method
  - Option 4: Depreciation Method
3. MRP in 2014/15: Options 1 and 2 may be used only for supported (i.e. financing costs deemed to be supported through Revenue Support Grant from Central Government) Non-HRA capital expenditure funded from borrowing. Methods of making prudent provision for unsupported Non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported Non-HRA capital expenditure if the Authority chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.
4. The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Authority at that time.
5. The Authority will apply Option 1/Option 2 in respect of supported Non-HRA capital expenditure funded from borrowing and Option 3/Option 4 in respect of unsupported Non-HRA capital expenditure funded from borrowing.
6. MRP in respect of leases and Private Finance Initiative schemes brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability.
7. In December 2013 the Council approved a loan of up to £90million to Queensbury Real Estates (Newport) Ltd (QRE) to fund the building of the Friars Walk Development. The loan is anticipated to be paid off in full via a capital receipt at the end of the three-year period. On this basis, the Council will not be required to make MRP charges to the revenue budget in relation to the Friars Walk Development loan as the borrowing will be paid off in full at the end of the scheme.

**Appendix 10 MTFP**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>TOTAL</b>
<u>Pressures</u>					
Inflation	2,360	2,723	2,801	2,882	<b>10,766</b>
Other	4,627	5,995	2,489	1,478	<b>14,590</b>
<b>Total Pressures</b>	<b>6,987</b>	<b>8,718</b>	<b>5,290</b>	<b>4,360</b>	<b>25,356</b>
(INCREASE)/DECREASE IN REVENUE SUPPORT GRANT(-2.5%)	5,572	5,231	5,101	4,973	<b>20,877</b>
	-	-	-	-	-
C. Tax @ 4%	1,964	1,984	2,004	2,024	<b>7,977</b>
Less consequential increase in benefits	452	456	461	466	<b>1,835</b>
<b>GAP</b>	<b>11,047</b>	<b>12,422</b>	<b>8,848</b>	<b>7,775</b>	<b>40,091</b>
Savings	11,240	3,231	1,078	460	
Balance - @ -2.5% WG reduction	<b>- 194</b>	<b>9,191</b>	<b>7,770</b>	<b>7,314</b>	<b>24,082</b>

Balance - @ -2.75% WG reduction		9,714	8,265	7,784	
Balance - @ -3% WG reduction		10,237	8,758	8,248	
Balance - @ -3.25% WG reduction		10,761	9,249	8,707	

## **Appendix 11 Equalities issues**

### **Overarching Equality Impact Assessment – Budget Proposals 2015/16**

Assessing the potential impacts of decisions for equality communities is an important part of the decision-making process. The potential impact of individual budget proposals have been assessed using the Council's Equality Impact Assessment process, as well as considering the 'bigger picture' of these impacts.

These proposals were consulted on between 9<sup>th</sup> December 2014, closing on 16th January 2014 in order to capture the views of Newport's communities, and to feed into the process before the proposals go to Cabinet in February. Cabinet's final recommendations will be made to the full council which meets in February 2014

#### **Legal Context**

Newport City Council has a legal duty under the Equality Act 2010 to pay 'due regard' to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- Advance equality of opportunity between people who share a protected characteristic<sup>1</sup> and people who do not share it;
- Foster good relations between people who share a protected characteristic and people who do not share it.

In practice, having 'due regard' means that consideration of equalities issues must influence policy and decision-making. Equality Impact Assessments are the tool that is used to shape and demonstrate decision-making.

#### **National Context**

There are also a number of external factors that affect the context of the proposals that have been developed. Whilst these factors are out of the direct control of the Council, they have been considered in both the development of proposals and any mitigation that may have been identified. These external factors include:

- the UK and Welsh Governments' spending review
- Welfare Reform
- Changes in Newport's demography

#### **How the Council's proposals might impact equalities groups**

While assessing the cumulative impact of the proposals on equality groups, a number of risks and opportunities have been identified that fall into some key themes, including the risk of social isolation and the risk of financial exclusion.

The Council recognises the need to offer support to people to enable them to exercise more choice and control over the services they receive. The national move to personalisation in social care is driven by a commitment to ensuring that older and disabled people are in the driving seat about how their social care needs are met. However, the Council recognises that these changes will have implications for carers, the majority of whom will be women, and that the Council needs to fulfill its responsibilities to this key group.

Service users that are facing changes to residential or day centre support may face considerable uncertainty and worry. These impacts could be disproportionately felt by older and disabled service

users, and specifically service users with a learning disability. The Council will work with service users and their carers to support them through this process of change.

The Council understands that more people are struggling with money in the current economic climate. It also recognises that imminent changes will impact on some people, particularly large families that are waiting for social housing - the Council has identified large BME families and disabled people as two of the groups that might experience a cumulative impact from these proposals, as groups that are disproportionately impacted by welfare reform. There are also some fee increases for non-statutory services that are provided, for example car parking, and the Council understands that these fee increases all add up.

### **Impacts on Newport City Council staff**

Looking forward, the Council will be a smaller organisation, and the proposals that have been developed present a change for staff, with a number of proposals across all services areas which reduce the number of posts within teams.

However, the Council's success rate at redeploying people remains high and it is committed to working to protect jobs and ensure that staff are supported.

**Budget Proposals and Fairness and Equality Impact Assessments (FEIA).**

Unique ID	Service Group	Proposal	FEIA REQ'D	If yes, what are the issues
1	Continuing Learning & Leisure	<p><b>Medieval Ship Project-</b> The Council will continue with Newport Medieval Ship project; however efficiency savings in the amount of £86,000 can be achieved whilst also undertaking this.</p>	yes	<p>Anecdotal evidence suggests that the majority of visitors at open days show a bias towards older people The new unit the Ship is moving to is at sited in a mixed industrial/service sector unit environment and is more remote and less accessible by public transport e.g. using free bus pass.</p>
2	Continuing Learning & Leisure	<p><b>Riverfront - Transfer of Riverfront Theatre to a Not for Profit Distributing Organisation</b> Alternative service delivery model as part of a cultural not for profit Distributing organisation combining the Riverfront Theatre and Sport and Leisure Service.</p>	yes	<p>All citizens use the Riverfront theatre However data shows a higher percentage of customers under 16 and over 50. Transfer of the Riverfront and some associated services to an NPDO will impact on the number of events that will take place. This impact will be lesser than that of remaining within the Council while make the same level of savings. We currently believe that there is likely to be a 10% reduction in the number of presentations of live performance and cinema, on the basis of initial analysis of the budgets. The programme of workshops and classes will be sustained at current levels. There is likely to be some impact on activity primarily attended by younger or older people as a result of this change. There is also a higher proportion of girls and women who access classes that are run at the Riverfront. The intention is not to reduce the classes available to females -given the current profile of users within the under 16 age group, and the over 50s dance classes are (currently) only attended by women.</p>

3	Continuing Learning & Leisure/ Streetscene	<b>Parks and Outdoor Recreation</b> - transfer to Streetscene and reduction in service offer	yes	No differential impact upon protected groups identified.
4	Continuing Learning & Leisure/Regeneration and Regulatory Services	<b>Change delivery of museum and art gallery service in the city</b> - A review of options for the Museum & Art Gallery service is being carried out alongside that of the Library service review, which could involve moving from the current location, whilst retaining access to the collection and art works through temporary exhibitions and events at different venues, pending moving to a smaller permanent site.	yes	The decision to close the Museum will impact a broad cross section of the community; however there is a bias towards older people.
5	Continuing Learning & Leisure/Regeneration and Regulatory Services	<b>Libraries</b> - Review of the Public Library Service to establish libraries which enrich people's lives and build communities. Alternatives are currently being examined which look at all options of Library service provision including moving to a hub based model of delivery; meeting the statutory Welsh Public Library Standards; and, reducing running costs.	yes	Closure of libraries will undoubtedly impact on both the older members of the population and the very young. Rationalisation of services is likely to impact on customers with a disability adversely.
6	Corporate	<b>Member's Neighbourhood Allowances</b> End neighbourhood allowances.	no	
7	Corporate	<b>Mayoralty</b> Reduce discretionary budgets for some of the Mayoral events and support services.	no	
8	Corporate	<b>Streamlined Centralised Communications and Marketing Service</b> Reduce discretionary marketing budget and move to a more streamlined function.	no	
9	Corporate	<b>Procurement Card Efficiencies</b> Project to implement more efficient use of payment cards across the authority leading to a greater usage cash rebate.	no	

10	Corporate	<b>Members Courier</b> Reducing need for courier services to transport documents to members' houses by utilising alternative distribution channels.	no	
11	Corporate	<b>Council Tax &amp; Non-Domestic Rates (NDR): Implement e-transactions and e-billing</b> To increase the volume of online transactions, especially e-billing, leading to reduced billing and postage costs.	no	
12	Corporate	<b>Centralisation and 20% reduction of training budgets</b> To centralise and reduce training budgets to ensure consistent and relevant use.	yes	No direct impact on any equalities issues as minimal risk of impact on service delivery. However, need to consider any impact on training that supports the equality agenda
13	Corporate	<b>Partnership and Policy Team Reduction</b> Reduction of non-staffing budgets (12% of the total budget), apart from a small amount to undertake partnership duties. This will also leave the £5k associated with the Fairness Commission and £13k for the support of the Youth Council.	no	
14	Corporate	<b>Council Tax Help for Pensioners Scheme</b> Discontinue grant to pensioners to assist with paying council tax.	yes	This will have an impact on council tax payers who are aged 65 and over and are in receipt of means-tested partial council tax reduction. A perceived unfairness towards other taxpayers will be corrected.
15	Corporate	<b>Health and Safety Income Target</b> Increase service provision to in-house, partner and third party organisations in order to attract income and reduce spend on other training providers.	no	
16	Corporate	<b>Law &amp; Standards</b> - Reduction of Senior Salary & Posts in Cabinet	no	
17	Corporate	<b>Debtors deletion of one Scale 3 post (scp 14-17)</b> Delete one vacant post from the Income Management Team.	no	

18	Corporate	<b>Payments Team Efficiencies</b> Payments team efficiencies. The removal of 1 post due to the NORSE contract.	no	
19	Corporate	<b>Council Tax &amp; Non-Domestic Rates (NDR): Increase Court Costs</b> To increase standard court costs from £60.00 to £70.00 per liability order.	no	
20	Education	<b>Welsh Government Schools Pledge - in order to fund the Welsh Government pledge the council is required to uplift schools budgets by 0.6%. However the Council in its inflationary forecasts included 0.9%, therefore the difference can be removed and the Council will still be honouring the pledge.</b>	no	
21	Education	<b>Primary School Demographics -</b> Current pressures include a budget with regard to additional pupil numbers within the primary sector. If the council decides not to allocate demographic increases then the budget can be removed as efficiency.	Yes	This could adversely impact present and future pupils aged 3-11 (nursery and primary school age): <ul style="list-style-type: none"> <li>• Mixed year group could be more likely</li> <li>• Higher ratio of pupils to staff</li> <li>• Risk of reducing best practice pupil / staff ratios in foundation phase</li> <li>• Risk of legislative class size regulations being breached</li> <li>• Potential decline in pupil standards as resources reduce</li> <li>• Reduced school budget may result in a lack of funding to purchase non-staffing provision</li> </ul>
22	Non-Service	<b>Restructure of PWLB Loans</b> Repaying and then refinancing a select number of Public Work Loan Board loans would generate reduced interest costs.	no	
23	Non-Service	<b>Non-Domestic Rates (NDR): Discretionary Relief</b> To cease the Discretionary Rate Relief 'top-up' from 2016/17 and therefore qualifying organisations will receive the 80% mandatory rate relief only and not the top up to 100%.	no	

24	Non-Service	<b>Income Review</b> Complete a review of income opportunities across the council.	no	
25	Non-Service	<b>South Wales Fire budget - Reduction in Levy for 2015/16</b> Levy to South Wales Fire will reduce in line with the 2015/16 Levy request from the Fire Authority	no	
26	Non-Service	<b>Tax base</b> - as more housing is built within Newport - more Council Tax income is generated. This allows for 50% of what is predicted as the Council may get reduced Welsh Government funding if the Tax base has increased disproportionately to others in Wales. This will be confirmed in the Final Grant Settlement	no	
27	Non-Service	<b>Reduction in Private Finance Initiative (PFI) reserve contribution</b> Reduction/Defer the increase funding planned to be going into the PFI reserve. Officers are reviewing the PFI contract and this may require lower contributions going into the reserve in the future.	no	
28	Regeneration & Regulatory Services	<b>Development Services Reduction in post</b> - Reduction of technical planning support team by 1 FTE	To be reviewed	As this relates to a possible restructure a FEIA will need to be undertaken as part of that process
29	Regeneration & Regulatory Services	<b>Increased in anticipated planning application fee income</b> – There is an expected increase in the amount of planning application fee income that the council will receive due to the general upturn in the economy and therefore increased number of applications.	no	
30	Regeneration & Regulatory Services	<b>Housing</b> - Delete Assistant Surveyor Post that exists in the Private Sector Housing Team	no	
31	Regeneration & Regulatory Services	<b>Housing</b> - Reduction in supplies and service budget	no	

32	Regeneration & Regulatory Services	<b>Development Services</b> - Reduction of pooled Admin Assistant post. Deletion of a vacant post.	no	
33	Regeneration & Regulatory Services	<b>Development Services</b> - Reduced training, transport and supplies and services budgets.	no	
34	Regeneration & Regulatory Services	<b>Warden Service</b> Increase proactive fixed penalty enforcement work, increasing income from fines.	yes	This service is universal and serves all sectors of Newport's residents. However it is our experience and evidenced elsewhere, that minority groups –say because of race, disability, sexual orientation suffer disproportionately as victims of ASB. Older people to feel very vulnerable.
35	Regeneration & Regulatory Services	<b>LDP - Reduce Local Development Plan Budget</b> following a reassessment of necessary spend in 2015/16.	no	
36	Regeneration & Regulatory Services	<b>Canteen - To review the civic centre catering provision to remove Council subsidy</b>	no	
37	Regeneration & Regulatory Services	<b>Youth Service</b> - Integration of the youth service into the new skills and work team in regeneration, investment and housing	yes	This has recently been completed and awaiting Head of Service sign off
38	Social Services	<b>Adults: Income Collection</b> - Revising the charging matrix. Applying no Severe Disability Payment disregard and increasing maximum weekly charge by £3. No-one will be charged more than £55, the current maximum fee allowed by the Welsh Government.	yes	Could be a negative impact on older people and people with a learning disability as there may be an increased minimal charge however this will bring Newport in line with neighbouring authorities.
39	Social Services	<b>Children &amp; Families: Social Worker Caseloads</b> - Removing of 15-16 pressure relating to additional social workers. Case loads are already below the national average.	no	

40	Social Services	<b>Adults: Frailty Contribution to Pooled Budget from savings accrued</b> - The contribution to the pooled budget for Gwent Frailty has been renegotiated by the partners thereby reducing the Newport contribution. This saving reduces the pressure on the budget for the annual payback to the frailty invest to save funding arrangements.	no	
41	Social Services	<b>Adults: Disabled Aids Pooled Budget Declaration</b> – Reduced expenditure on this joint Gwent arrangement for the disabled aids budget.	no	
42	Social Services	<b>Adults: Out of Hours Emergency Scheme</b> - renegotiated contract amount with Caerphilly CBC for our out of hours emergency social work response service	no	
43	Social Services	<b>Adults: Voluntary Sector Contract Review</b> - Contracts and Commissioning team are carrying out a detailed review of services that we procure through voluntary sector organisations	no	
44	Social Services	<b>Children &amp; Families: Voluntary Sector Contract Review</b> - Contracts and Commissioning team are carrying out a detailed review of services that we procure through voluntary sector organisations. This saving relates to the Advocacy service	no	
45	Social Services	<b>Adults: Improved Commissioning of Independent Domiciliary Care</b> Improving the commissioning of independent domiciliary care services.	no	
46	Social Services	<b>Children &amp; Families: Deletion of an Independent Reviewing Officer post</b>	yes	No differential impact upon protected groups identified. All reviews will be completed within national guideline framework time scales.

47	Social Services	<b>Children &amp; Families: Looked After Children Family Contact (based on projected underspend as at July 2014)</b> - The service are already achieving savings against budget by using the Family Contact Centre for parental visitations rather than external venues so this is an existing saving.	no	
48	Social Services	<b>Adults: Review of council run Residential Homes</b> - 2015/16 saving relates to use of currently vacant places	no	
49	Social Services	<b>Adults: Reassessments in Mental Health</b> - Replicating the process that has been carried out across learning disability services. Renegotiating contracts and carrying out reassessments to ensure all recipients of services meet the eligibility criteria.	yes	This could be considered to be more equitable due to the eligibility criteria being applied uniformly. There is not identified differential impact upon protected groups identified.
50	Social Services	<b>Children &amp; Families: Out of Area Residential</b> - Reduction in use and review of commissioning of high cost out of area residential placements.	no	
51	Social Services	<b>Children &amp; Families: Deletion of four long-term vacant posts in children services.</b>	no	
52	Social Services	<b>Children &amp; Families: Targeted reduction in the number of looked after children through prevention work - Savings on commissioned services (IFAs)</b>	no	
53	Social Services	<b>Adults : Combine Team Manager role</b>	no	
54	Social Services	<b>Children &amp; Families: Office relocation to the Civic Centre from Canolfan Serennu (Sparkle Centre)</b>	no	
55	Social Services	<b>Children &amp; Families: Psychologist post in Aneurin Bevan University Health Board - will now only be paying for 3 days per week</b>	no	

56	Social Services	<b>Children &amp; Families: Non - recourse to public funds.</b> There is a sustainable budget saving against this service as a result of a smaller than anticipated number of migrant families coming to the area.	no	
57	Street Scene	<b>Transportation - Delete vacant post</b>	no	
58	Street Scene	<b>City Wide Streetscene Management - To undertake a mini staff restructuring review to explore area working options.</b>	no	
59	Street Scene	<b>Delete vacant service support officer post</b>	no	
60	Street Scene	<b>Energy - Reduction of street lighting energy budget</b> following lower than forecast inflationary price increases	no	
61	Street Scene	<b>Off-street parking banking procedures amendment - To establish a new cash banking process.</b>	no	
62	Street Scene	<b>City Centre Rising Bollards - To cease operation of the rising bollard system to access roads of the city centre.</b>	no	
63	Street Scene	<b>Review and restructure of operational highways team - Consideration of a staff review along with applications for voluntary redundancies. Deletion of one vacant assistant supervisor post which would be realised through realignment of duties while ensuring no impact upon service delivery.</b>	no	
64	Street Scene	<b>Increase resource to help public recycle waste - To increase the resource at the Household Waste Recycling Centre to be able to help and support residents to dispose of their waste correctly so that the recycling performance is improved.</b>	no	

65	Street Scene	<b>Charging for DIY waste/rubble</b> - The council does not have a responsibility to accept residents' DIY or rubble waste at its HWRC site, therefore a charge could be imposed for such items.	no	
66	Street Scene	<b>Reuse Shop Increased Opening Hours</b> - To open the "Reuse" shop for an additional day each week.	no	
67	Street Scene	<b>Bus Subsidy</b> - Withdrawal of services where alternative transport is available within walking distance, and cease services with a high cost per passenger in subsidy. Cover with community transport provision for those elderly disabled individuals unable to walk the distance to the alternative transport.	yes	Concessionary bus pass holders undertake on average 45% of all bus journeys. This includes older people and people with a disability. So this adversely impact on these two protected characteristics.
68	Street Scene	<b>Bus Shelter Maintenance</b> - To reduce bus shelter cleansing to every six months and maintenance kept to a minimum for the 130 bus shelters in residential areas of Newport.	no	
69	Street Scene	<b>Fleet Management</b> - Number of delivery options to be considered from in-house workshop (shared with neighbouring Authority) to other external contractors through procurement.	no	
70	Street Scene	<b>Green Waste Winter Collections</b> - To cease the collection of green waste between mid-November and mid-March.	no	
71	Street Scene	<b>Landfill Site Income</b> - Increased income from enabling the disposal of low grade 'Asbestos' in the Council's Landfill site	yes	No differential impact upon protected groups identified.

**Appendix 12 Reconciliation between MTRP in December 2014 Draft budget and current**

	<b>15/16</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>
Inflation	2,360	2,723	2,801	2,882
Investments	4,547	4,710	2,489	1,478
Savings	-10,774	-3,580	-1,078	-460
RSG / c Tax	3,904	3,707	3,561	3,418
<b>December 2014 MTRP balances</b>	<b>37</b>	<b>7,561</b>	<b>7,773</b>	<b>7,318</b>
<b><u>Movement since Consultation / December 2014 MTRP</u></b>				
<u>Investments</u>				
-funding to continue food festival	10			
-reduction in leisure income targets	70			
-Increase in NI rebate pressure		1,285		
<u>Savings</u>				
-reduction in marketing spend	-10			
-IT savings from legacy systems	-75			
-Delete central library/museum saving	310	510		
-New proposal for library saving	-233	-104		
-New proposal for museum service	-112	-57		
-Reduction in increased fees/charges saving	120			
-fuel/energy saving	-187			
<u>RSG/C Tax</u>				
-Increased tax from taxbase	-280			
-reduction in RSG in final settlement	156			
-reduction in forecast RSG based on updated final settlement		-4	-3	-4
<b>February 2015 MTRP balances</b>	<b>-194</b>	<b>9,191</b>	<b>7,770</b>	<b>7,314</b>

**Appendix 13 Summary of 'Invest to Save' spend and Forecast**

Invest To Save balance March 2014	<b>(9,659)</b>
2014/15 forecasted spend	3,914
2014/15 base budget contribution to fund	(950)
Invest to Save forecasted balance March 2015	<u>(6,695)</u>
Further Funding Required - Change/Efficiency proposals as at February 2015	
2015/16	3,699
2016/17	1,064
2017/18	224
Total	<u>4,987</u>
Remaining in I2S Fund before further contributions into the reserve	<u><b>(1,708)</b></u>
Base budget contributions to fund	
15/16	(950)
16/17	(950)
17/18	(950)
Forecast Remaining	<u><b>(4,558)</b></u>

## **Appendix 14 Revised business cases – Library & Museum**

<b>Service Area</b>	Continuing Learning and Leisure
<b>Proposal Title</b>	<b>Museum and Art Gallery Service</b>
<b>Proposal Summary Description</b>	<p>The proposal is to maintain the Museum and Art Gallery in the central building through joint working with Libraries to operate front of house functions more efficiently and reducing curatorial support to a minimum.</p> <p>This proposal is linked to the outcome of the Libraries review as the Central Library/Museum building is a shared facility.</p>
<b>Impact on Performance</b>	Possible reduction in opening hours, activities and events, exhibitions and research and enquiry services
<b>Impact on FTE Count</b>	Reduction of 8 FTE
<b>Impact on other Service Areas</b>	The building is jointly operated and shared with the Central Library. This proposal is predicated on closer working and the creation of a combined front of house teams.
<b>Impact on Citizens</b>	Initial loss of a range of services including reduced numbers of exhibitions, holiday workshops and enquiry service, however mitigation will be sought wherever possible by the improved operational practices and the greater involvement of the citizens of Newport.

	2015/16	2016/17	2017/18
<b>Savings (£)</b>	-£112,000	-£57,000	
<b>Implementation Costs (- £)</b>	£184,000		

<b>Current Position</b>
<p>Newport Museum and Art Gallery is Wales' second oldest Museum and opened in 1888. The Museum and Gallery offers a visitor experience 34 hrs over 5 days per week for 51 weeks of the year. The provision extends over three floors of the central Museum Art Gallery and central Library building. The Museum and Art Gallery is Accredited through the Arts Council England Accreditation Scheme (This extends to Wales and was formerly run by the Museums and Galleries Commission)</p> <p>The Museum and Gallery provides a programme of exhibitions, permanent displays, and enquiries service and a range of learning activities for all ages. The Museum manages diverse collections including archaeology, social history, natural history fine and decorative arts. The early peoples and Roman collections, Chartist collection and 20<sup>th</sup> century Art are of particular importance.</p> <p>The Museum has currently has 15.9 FTE staff.</p>
<b>Key Objectives and Scope</b>
To maintain the Museum and Art Gallery offer at the present level or near present level but with reduced both Front of House and Curatorial Support staff
<b>Key Proposal</b>
The proposal is to maintain the Museum and Art Gallery in the central building through joint working with Libraries to operate front of house functions more efficiently and reducing curatorial support to a minimum.
<b>Required Investment</b>

Total implementation costs of £184k. This includes redundancy costs of £184k and £15-£20k for building adaptation work.	
<b>High Level Milestones and Timescales</b>	
Council Approval	February 24
Staff consultation week commencing March 6 and runs for 30/45 days	March 9 – Tues 7 /Tues 21
Recruitment to new structure	April 13th – 25th
Redundancy notices issued May 5th	May 5th
New operating model Week Commencing	August 3rd
Building alterations to run in parallel with HR processes	First week April 2015
Enhanced CCTV coverage in Foyer,	April 2015
Removal of desks/pods and shop fittings	April 2015
Creation of a new reception point on first floor in foyer area	April/May 2015 Minimum period of 45 days
<b>Fairness and Equality Impact Assessment completed</b>	
A Fairness and Equalities Impact Assessment has been completed and indicates there will not be a disproportionate impact on any individuals with protected characteristics such as Age, Race, Disability or Gender. We will continue to monitor and review this assessment as the proposals develop.	

<b>Service Area</b>	Continuing Learning and Leisure
<b>Proposal Title</b>	<b>Library Service Transformation</b>
<b>Proposal Summary Description</b>	<p>To review and transform public library services within the City to meet the statutory responsibility of providing a “comprehensive and efficient library service” within the reduced level of revenue budget available.</p> <p>The model will replace the current model of delivery with a reduced level of service provision in the Central library supplemented by three library hubs at Ringland, Rogerstone and Bettws open 40 hours per week and three collocated service points at Malpas, Caerleon and Duffryn each staffed by Library service for 20 hours per week.</p>
<b>Impact on Performance</b>	Reduction in the number of sites available for the public to access and the services they provide. Reduction in current levels of visitors and issues within the service.
<b>Impact on FTE Count</b>	9 FTE
<b>Impact on other Service Areas</b>	Minimal material impact with other service areas.
<b>Impact on Citizens</b>	Reduction in the number of service points will reduce the services available to those local communities affected by the proposal

	2015/16	2016/17	2017/18
<b>Savings (£)</b>	-£233k	-£104k	
<b>Implementation Costs (- £)</b>	£171k		

## Current Position

The delivery of library services was rationalised in 2012/13 moving to a tier system.

Band A libraries;- open 43 hours per week (Malpas and Rogerstone)

Band B libraries;- open 36 hours a week (Bettws, Ringland, Maindee, Carnegie and Caerleon).

Band C libraries;- open 30 hours Tredegar House.

All branch libraries work with single staffing for at least part of each day.

Central Library is now closed on a Monday and open 41 hours per week

The service has taken advantage of technology to make more services available 24/7 including the renewal of items, payment of fines, placing reservations and downloading e-books and e-audio material. In addition library members are able to access a range of electronic information resources from home and a range of electronic magazines. The service is unique in UK in having the only virtual book borrowing service enabling Book Express members to select their chosen titles online, have them delivered directly to their homes and then return them to us via a postage paid envelop. The housebound service is delivered by volunteers. Both the Book Express and Housebound services are outside the scope of the current review as there are no revenue budgets specifically attached to these services.

## Staffing

38.25 FTE in 2014-15.

## Service Points and Performance

The normal benchmarking of library performance is based on stock issues and visitor figures

The following are the details for the last complete financial year i.e. 2013-14.

Service Point	Visitors	Issues
Central	252,084	155,450
Bettws	28,076	34,561
Caerleon	14,200	30,449
Carnegie	21,421	23,358
Maindee	36,725	32,570
Malpas	30,207	69,498
Ringland	23,149	30,712
Rogerstone	37,201	62,323
Tredegar House	18,715	13,914
Brynglas*	1,353 Closed June 2013	884 Closed in June 2013
Pill *	8,277	4,965
St Julians*	18,822	10,970

\* These are libraries within a Community Learning centre.

## Financial Impact

The net revenue budget for libraries in 2014 -15 is £1.276m

While challenging, the need to deliver a sustainable comprehensive and efficient library service for the people of Newport and to enable the council to meet its statutory obligation can be achieved through innovative service delivery being proposed.

## Key Objectives and Scope

The key objectives are to provide a library services which meets the needs of the citizens of Newport while complying with statutory requirements.

Scope of the proposal covers all static library provision within Newport.

<b>Key Proposal</b>	
<p>To deliver an alternative Service Model including City centre provision which meets the statutory requirement of the Authority to provide a “comprehensive and efficient library service”</p> <p>Proposal is to move to an operational model of four hubs located strategically across the City in premises that meet the requirements in terms of square meterage and accessibility in line with the Welsh Public Library standards and staffed by qualified and experienced library and information staff, supplemented by 3 co-located service points, each staffed by the library service for a minimum of 20 hours per week.</p>	
<b>Required Investment</b>	
<p>The implementation costs of £171k are based on:</p> <ul style="list-style-type: none"> <li>• the estimated redundancy costs for the members of staff whose posts are being deleted;</li> <li>• the costs of changing the furniture and counters in the Central Library</li> <li>• and a contribution to the costs of reconfiguring Ringland Library.</li> </ul>	
<b>High Level Milestones and Timescales</b>	
<b>Milestones</b>	<b>Target Date</b>
Identify Options for service delivery report to Scrutiny Forum	November 2014
Report to Cabinet on options and seeking permission to go to 3 months consultation.	8 December 2014
Public Consultation undertaken on potential options	December 14 to January 2015
Analysis of consultation findings	January 2015
Equalities Impact following consultation	February 2015
Further consultation with public following decision on in February 2015	March 2015
Formal Consultation with Trade Unions and staff on impact	March 2015
Formal decision made to close sites and delete posts	April 2015
Interview process for new staffing structure	April 2015
Redundancy notices served for implementation of savings	End of April 2015
<b>Fairness and Equality Impact Assessment completed</b>	
<p>An initial Fairness and Equalities Impact Assessment has been completed and indicates there will not be a disproportionate impact on any individuals with protected characteristics such as Age, Race, Disability or Gender. We will continue to monitor and review this assessment as the proposals develop.</p>	