

Minutes



Cabinet

Date: 18 September 2019

Time: 4.00 pm

Present: Councillors D Wilcox (Chair), P Cockeram, G Giles, D Harvey, Councillor R Jeavons, D Mayer, Councillor J Mudd, Councillor R Truman and M Whitcutt

In Attendance: Mr W Godfrey; Ms B Owen; Mr J Harris; Mr G Price; Mr O James, Ms Non Jenkins and Mr Gareth Jones for the Wales Audit Office.

Apologies: None

1 Apologies for Absence

As above

2 Declarations of Interest

There were no Declarations of Interest.

The Leader took the opportunity of announcing that this Cabinet meeting was the last that Will Godfrey would attend in his capacity as Chief Executive before departing to take up the Chief Executive position at Bath and North East Somerset Council. The Leader confirmed that Will had been at Newport for more than six years, working with the present administration and the previous Leader to ensure Newport has the best possible services, as well as producing balanced budgets each year. Will has also brought his experience and resources to working on a regional level to ensure Newport can achieve its potential.

The Leader and Cabinet Members thanked Will for his service to the council and the city.

3 Minutes of the Previous Meeting held on 17 July 2019

The minutes of the meeting held on 17 July 2019 were confirmed as a true record.

4 Revenue Budget Monitor

The Leader presented the report which showed a challenging picture. The position overall is positive in that the overall forecasted position points toward a balanced position; the challenge is that all contingencies are needed to achieve this so early in the financial year.

The report stated the vast majority of the Council's activities are spending at or close to budget and the budget challenge is restricted to a small number of demand led areas, though that challenge is quite significant.

Significant investment has been made this year and in previous years, but demand continues to accelerate. This is not confined to Newport as all local authorities are struggling across Wales and the UK, in order to meet the demand for essential services from the most disadvantaged residents.

The report showed that service areas, excluding schools, are forecasting overspending by approximately £3.7 million, most of which comes from social care - in particular children's out of area placements and fostering. Non-service budgets are underspending by just over £2 million, mainly from lower Council Tax Reduction Scheme costs and more Council Tax income; the resulting net overspend of £1.5 million is covered by the revenue budget contingency which is also £1.5 million.

The schools' position continues to be challenging. Schools are forecasting to overspend by approximately £2.6 million and whilst school reserves will fund that, it will leave very small school reserves. The Leader confirmed the Chief Education Officer, the Head of Finance and their teams are actively engaged in discussions with Secondary schools, where the main areas of challenge lie and are looking at options for schools to reduce spend.

The situation is finely balanced with the continuation of overspending in a small number of areas balanced by non-service budgets and the contingency.

As the financial year progresses, the Council will continue to refine forecasts and reflect any changes arising from key issues such as the demand in social care, progress on Council Tax collection and the cost of the Council Tax benefit. The Leader confirmed that officers advised the need to monitor the position over the next two months or so and assess what Council-wide action may then be necessary, to ensure the Council has the best chance of managing the overall budget. The Leader proposed this as a sensible and balanced approach.

The Cabinet Members confirmed the ongoing difficulty of balancing budgets during the period of continued austerity.

Cabinet was asked to:

- Note the overall budget forecast position including use of all the general budget contingency in addition to significant underspending in non-service budgets to balance forecast overspends within service areas;
- Agree to instruct all areas of the Council to maintain robust financial management;
- Note and agree the Head of Finance comments that the Cabinet and Senior Management, considers a Council-wide approach to reducing costs after the September position if the position has not improved;
- Note the level of undelivered savings within each directorate and the risks associated with this;
- Note the forecast movements in reserves;
- Note the projected balances of individual schools over the next year and that work is on-going in respect of reducing school overspending in the secondary school sector.

Decision:

Cabinet agreed the report and confirmed to continue with careful review and management of key budgets and risks.

The Leader presented the report which identified new projects requiring Cabinet approval into the programme, an update on the level of capital resources and forecasts for this year's spend against budgets.

In terms of new projects listed in the report, most are funded from Section 106 monies and grants, with a few requiring funding from borrowing, thereby utilising the current level of capital resources headroom. In particular, the Leader drew attention to the 'accessible bike scheme' in Tredegar Park which will provide the opportunity for people less able bodied to engage in activities alongside parents, children and carers. Also, the need to purchase new Christmas Lights for the city given the problems being experienced with the current ones which are becoming too difficult to maintain.

As part of the on-going review of the programme, the finance team have co-ordinated a review with colleagues across services and much of that work is complete, with a couple of key areas still outstanding, the Leader having been assured this will be completed over the next few weeks.

This has resulted in one large scheme being taken off the programme since Cardiff City Region are now delivering it, plus a number of budgets slipped into future years. When the work is complete, the programme should be more realistic in terms of delivery capacity and less slippage in the delivery of the programme; last year's slippage was £14 million

The report detailed the capital resources headroom figure which is approximately £10m, with approximately the same proposed from new borrowing capacity in the revenue budget over the next 2-3 years. This will inevitably move each time it is reported and the review of the capital programme already mentioned may add to it, plus further grants and other funding that may come from Welsh Government in the future. The figure is noted in the report.

In terms of monitoring, the report shows a good level of progress, as usual a lot of the cost is predicted in the last half of the year. This brings with it the risk of slippage, but the finalisation of the review will help in that respect. Progress is being made on a number of projects, some of which are now nearing completion – for example, neighbourhood hubs and 123-129 Commercial Street. The Leader thanked the late Carl Sargeant for his personal support with the Commercial Street project as without his input this would not have come to fruition. Progress is also being made with important projects such as the Transporter Bridge and the planning and delivery of the Schools' Band B programme; details of which are noted in the report.

Cllr Harvey commended the introduction of the Tredegar Park Pedal Power initiative which will be used throughout the year helping people of all ages and abilities. This is the first of its kind in Newport but welcomed by all, not just by those who are less able bodied.

Cllr Cockeram raised the issue of Welsh Government providing grant funding in a more timely manner; it was understood that two Ministers are looking into this.

Cllr Mudd commended the Commercial Street project which is a creative development achieved via collaborative working and is also achieving the aims of the Wellbeing of Future Generations (Wales) Act 2015 legislation.

Cabinet noted that the capital programme headroom is a dynamic figure which acts as a guide to the actual capital affordability.

The Leader recommended that Cabinet:

1. Approve the additions to the Capital Programme requested in the report (Appendix B);

2. Note the current re-phasing of the overall programme completed to date and further work required to complete;
3. To note the available remaining capital resources ('headroom') over the life of the capital programme;
4. To note the capital expenditure forecast position as at July 2019;
5. To note the balance of and approve the allocation of in-year capital receipts.

Decision:

1. Approved the changes to the Capital Programme and noted the monitoring position as set out in the report, including the use of capital receipts;
2. Agreed to prioritise capital expenditure to maintain spend within the current affordability envelope.

6 **WAO Annual Improvement Report**

The Leader introduced the report and confirmed:

- The Cabinet Report is the Wales Audit Office 2018/19 Annual Improvement Report for Newport Council.
- The report reaffirms the commitment to delivering the Wellbeing Objectives set out in the Corporate Plan 2017/22 and ensuring the findings from the Wales Audit Office report and the Council's Annual Report, which will be presented to Cabinet next month, enable the Council to ensure continuous improvement throughout the organisation.
- Cabinet was asked to consider the contents of the report and to reaffirm the commitment to delivering the objectives set out in the Corporate Plan 2017/22 and to ensure areas of improvement are delivered.
- With respect to the Wales Audit Office report, the Leader confirmed that Non Jenkins and Gareth Jones from the Wales Audit Office will provide the meeting with an overview of the report and are willing to accept any questions and/or feedback from Cabinet.

Wales Audit Office spoke to the report:

Non Jenkins confirmed the WAO's desire to be more transparent and confirmed all documents are being published on their website.

For 2018/19 the WAO undertook improvement assessment work, an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act. The WAO's Annual Improvement Report for the Council showed positive work being taken forward during 2018/19 for audit, regulatory and inspection work as detailed in the brief description and conclusions detailed in the report (Exhibit 1).

The WAO confirmed that positive steps are being taken to regenerate the city centre.

The WAO thanked the Council for enabling them to be involved in the Flying Start project; the WAO found it invaluable in being able to talk to the service users involved in the project.

The WAO confirmed that during the course of the year the Auditor General did not make any formal recommendations; however there are a number of proposals for improvement which are noted in the report. The WAO will monitor progress against these and relevant recommendations are noted in the national reports (Appendix 3) as part of the improvement assessment work.

Non Jenkins thanked the members and officers for their help in taking this work forward.

Non Jenkins congratulated the Leader on her elevation to the House of Lords and also congratulated Will Godfrey on his appointment to Bath and North East Somerset Council.

The Leader thanked Non Jenkins for her kind words and confirmed the Council strives to give that continuous improvement whilst showing the public that the council is open and transparent in all its activities.

Cabinet thanked the WAO for their work with the authority.

The Leader summarised the report by confirming:

- The work undertaken by the Wales Audit Office last year and ongoing into this financial year reflects the administration's commitment on delivering against the Council's Corporate Plan and its four Wellbeing Objectives;
- Collectively and individually Cabinet Members are responsible for ensuring that continuous improvement is a priority and ensuring the Council meets its statutory requirements;
- Where recommendations and proposals for improvement have been raised by the WAO, Cabinet will ensure that these are addressed by the relevant service areas;
- The Leader proposed acceptance of the Annual Improvement Report and to reaffirm the commitment to delivery of the wellbeing objectives.

Decision:

Cabinet agreed to:

1. Consider and accept the conclusion contained in the Auditor General's Annual Improvement Report on the Council's continuous improvement activity, and to,
2. Confirm its commitment to deliver the Council's Wellbeing Objectives from the Corporate Plan in 2019/20

7 Strategic Equality Plan Annual Report

The Leader introduced the report which reflected Newport City Council's third year of progress against the Equality Objectives set out in the Strategic Equality Plan during the 2018/19 year.

The report confirmed that in March 2016, a new Strategic Equality Plan (SEP) was published by Newport City Council identifying nine Equality Objectives that the authority would measure itself against over the next four years. The objectives chosen were based on the work that had been delivered in the previous SEP and Welsh Language Scheme. The development of Equality Objectives is mandated by the Equality Act 2010 and was completed in line with the new ways of working as outlined in the Well-being of Future Generations Act.

In the past 12 months there has been continuous positive progress towards meeting both the Equality Objectives and delivering on the authority's specific and general equality duties.

The Leader introduced the Cabinet Member to comment further on the report.

The Cabinet Member thanked the officers, particularly Rhys Cornwall and Tracy McKim, for their work on this report. He confirmed that progress on the plan is monitored via the Strategic Equalities Group, which he chairs, and includes representation from the Fairness Commission, elected members, Heads of Service and lead officers.

Highlights from the past 12 months include:-

- Adoption of the Schools Accessibility Strategy, as agreed within Equality Objective 3;

- The relocation of 21 families from the 50 the authority committed to via the Home Office Syrian Refugees Resettlement Scheme;
- Continued reduction in the number of young people who are NEET (Not in Education, Employment and Training);
- Adoption by NCC of Wales Government's Ethical Employment in Supply Chains Code of Practice;
- Initial delivery of the five-year Welsh Language Strategy.

The report also included equalities data pertaining to the Council's own staff which enables the authority to gauge the extent to which it is representative of the community it serves as well as highlighting actions that need to be taken in order to better represent the electorate. The report also includes information on how the authority collects data and uses the information in setting strategic direction, service planning and within the decision making process.

Moving forward into the final year of this strategy and as the Council gears up towards a new 2020 Strategy, the Cabinet Member looked forward to ensuring that Newport continues to build on this tradition in upholding equality, dignity and respect to all its residents.

The Leader thanked the Cabinet Member and moved for the adoption of the report. The Leader thanked the Cabinet Member and all members of the Strategic Equality Group for the work that had gone into ensuring the Equality Plan has remained on course over the past few years.

Cabinet was asked to:

Approve the attached final monitoring report and publish it on the Council's website, in accordance with statutory deadlines.

Decision:

Cabinet approved the report and the subsequent publication on the Council's website.

8 Corporate Risk Register Update (Quarter 1)

The Leader presented the report and confirmed this information is also reported to the Audit Committee.

The report asked Cabinet to consider the contents of the report and note the changes to the risk register for quarter 1.

The Leader confirmed the Council's Risk Management Strategy and Corporate Risk Register enables this administration and officers to effectively identify, manage and monitor those risks which could prevent the authority from achieving the objectives set out in the Corporate Plan 2017/22 and its Statutory Duties as a local authority.

Furthermore, the Leader stated that annually, as part of the Council's planning arrangements, service areas review their current risks and look forward at new or emerging risks that would prevent this administration from achieving its objectives as part of the Council's Corporate Plan.

The report notes this review has identified 57 risks across the organisation. 12 of the risks have been escalated to the Council's Corporate Risk Register requiring monitoring from Cabinet and the Senior Leadership Team.

The remaining risks will continue to be monitored through the Council's service areas and Corporate Theme Boards. Mechanisms are in place to escalate any new or existing risk to the Corporate Risk Register.

At the end of Quarter 1 (1st April 2019 to 30th June 2019) the Council has eight High Risks (15 to 25) and four Medium Risks (5 to 14). There are three new risks that have been escalated to the risk register:

Schools Finance/Cost Pressures (Risk Score 20) – this is related to the increasing financial pressures being faced by some schools this financial year (2019/20). Several schools have forecast potential deficits at the end of the financial year. Education Services and Schools' Finance are supporting these schools to identify ways of reducing the deficits and ensuring the education of the pupils is not impacted.

Demand for ALN and SEN support (Risk Score 12) – New legislation is being implemented to provide appropriate support for pupils with Additional Learning Needs and Special Education Needs support. There are some unknowns in relation to the overall impact on Education Services and schools and the level of demand which is why action is being undertaken to mitigate this impact.

Education Out of County Placements (Risk Score 16) – This risk is linked to the other two risks identified and reflects the pressure that is being placed on the ALN and SEN support for children. To ensure that the children receive the appropriate level of support and maximise their potential, they may have to be placed in schools outside the city. There is potential that this could place additional financial pressures on the Council.

The most notable change in the first quarter from the last quarter four report is:

Brexit (Increase Risk Score from 12 to 16) – In the first quarter of this year the Brexit risk has increased from 12 to 16. This score is reflective of the change to the Prime Minister and the likelihood of a 'No Deal' Brexit on 31st October 2019. The Council's Brexit Task & Finish Group has been closely monitoring the situation to ensure Council services remain robust and mitigate any immediate and long term impact.

The Strategic Director Place confirmed the Council is as prepared as any other local authority in Wales. However, some issues are being escalated, such as fleet management, and supply of goods and services. Cabinet raised the issue of the forecast of a harsh winter which could severely impact on the Council's budget and delivery of services.

The proposal before Cabinet was to:

1. Consider the contents of the Corporate Risk Register and to continue monitoring progress of actions taken to address the risks identified in the report, or,
2. To request further information or reject the contents of the risk register

Decision:

Cabinet endorsed the Risk Appetite Statement for the Council and the contents of the quarter 1 update of the Corporate Risk Register.

9 Sustainable Travel Strategy

The Leader introduced the report on the Sustainable Travel Strategy and confirmed it is a framework document which sets out some broad themes for addressing problems of air pollution caused by road traffic (e.g. improved public transport, active travel and increased use of electric vehicles). It has been the subject of full public consultation and engagement with other PSB partners. The Council has declared 11 Air Quality Management Areas (AQMA'S) (e.g. parts of Caerleon), and we are required by Welsh Government to produce an Air Quality Action Plan to reduce the levels of pollution in these areas. The Council has gone

further than this and developed a Sustainable Travel Strategy, which links in with the work of the Sustainable Travel sub-group of the PSB. This framework will then form the basis for the development of local plans for each of the AQMA's.

Whilst the report references Clean Air Zones –this will be a matter for discussion later when looking at the actions in each AQMA.

The Leader introduced the Cabinet Member to speak in more detail about the report.

Cllr Truman confirmed this is a very comprehensive report and thanked the officers for the work undertaken.

Cllr Truman drew attention to the issues noted from point 2 to point 19 of the report and moved the strategy for adoption.

Cabinet welcomed the strategy, in particular Cllr Mudd commended the strategy and was pleased to confirm that Newport Transport had discussed the strategy at their strategic planning day and had started to contribute to less emissions in the city with the introduction of electric buses.

Cabinet considered the following options:

1. To approve the Sustainable Travel Strategy.
2. To approve the Sustainable Travel Strategy with amendments.
3. Not to approve the Sustainable Travel Strategy.

Decision:

Cabinet agreed Option 1 - To approve the Sustainable Travel Strategy which will enable the Council to make progress on this issue and move towards complying with its statutory duty.

10 Work Programme

The Leader presented the Cabinet Work Programme.

Decision:

Cabinet agreed the updated programme.

The meeting terminated at Time Not Specified