

Minutes



Cabinet

Date: 14 December 2022

Time: 4.00 pm

Present: Councillors J Mudd (Chair), D Batrouni, J Clarke, D Davies, Y Forsey, D Harvey, J Hughes, L Lacey and S Marshall

1 Apologies for Absence

None received.

2 Declarations of Interest

None received.

3 Minutes of the Last Meeting

The Minutes of the meeting from 16 November were accepted as a true record.

4 October Revenue Budget Monitor

The Leader introduced the report to colleagues, this was the mid-year revenue update presented to Cabinet and explained the current forecast position of the Authority as at October 2022.

- Against a net budget of £343million, the October revenue position currently forecasted an overspend of £1.4million, which represented less than 0.5% variance against budget. This overspend was after the use of all revenue budget contingencies of £4.7million included in the 2022/23 revenue budget, as agreed by Cabinet in February 2022.

Despite having established sizeable budget contingencies for the 2022/23 year to deal with covid legacy issues, crucially, new issues emerged since the budget was agreed:

- The agreed NJC and teacher's pay award for 2022/23 is higher than the provision allowed for (average +2.4% higher for NJC and +1% higher for Teachers)
- Increased demand and therefore overspending on housing budgets specifically in relation to homelessness provision, and
- Increased demand in Children's social care specifically in relation to placement costs.

As shown in the report and its appendices, coupled with the pay award impact, the current position was explained in the following way:

- There was significant overspending in some key demand areas and other emerging risks within service areas

- This was partially offset by savings against (i) revenue budget contingencies which was made available to the Council (ii) Council tax reduction scheme and (iii) other non-service budgets.

Some areas throughout the Authority were reporting significant overspends against specific activities. These overspends related to demand-led activity areas, such as Social Services, and therefore there was an inherent risk that they may change should demand levels change from current forecasts during the remainder of the year.

The key areas contributing to the £1.4million forecast position included:

- (i) Increased demand across key social care areas including children's out of area and emergency placements. These two areas alone contributed an overspend of almost £3.4million to the overall service position.
- (ii) The impact of the 2022/23 NJC pay award was confirmed. The average increase for Council staff will be in the region of 6.4% compared to only 4% provision in the budget. This represented a forecast overspend of £2.4million for non-school based staff.
- (iii) Significant pressures were evident within Housing & Communities, in relation to homelessness. An overspend of £3.1million is forecast. The main issues were:
 - (a) The large number of individuals/ households accommodated in temporary accommodation, reflecting a continuation of the position from the Covid period.
 - (b) The lack of suitable accommodation options resulting in significant use of hotel and B&B options at much higher cost than more traditional options.
 - (c) The cap on Housing Benefit subsidy resulting in only a proportion of these costs being covered by the Department for Works and Pension (DWP).
- (iv) In addition to these continued risks, there were also issues that emerged this year that would continue to be closely monitored. These included, but were not restricted to, Education Special and SEN transport which was forecasting a £370k overspend due to higher operator costs due to inflation and £186k car parking income shortfall. The anticipated overspend in these areas of emerging risk was expected to be over £500k by the end of the financial year. Further pressures were evident within fleet maintenance as a product of rising fuel process as well as increasing costs associated with maintenance.
- (v) There was an anticipated shortfall against the delivery of 2021/22 and prior year savings of £541k, largely due to delays in progressing the necessary actions, some of which was a result of the pandemic. Whilst the level of unachieved savings in relation to the current financial improved and was lower than in previous years, there remained a need to ensure that all savings were delivered, in full, as soon as possible and officers continued to take action to ensure delivery at the earliest opportunity.
- (vi) Underspensing against both the core revenue contingency budget and the other temporary contingencies provided mitigation against service area overspending. The forecast underspend of £4.7million was shown against non-service budgets. In addition, there was a forecast underspend of £2.3million against capital financing, specifically on PFI interest and over £1million forecast saving against the council tax reduction scheme budget.

Schools were separately projected to overspend by £5.6million, a proportion of which was planned, reducing school reserves by that amount. As well as the impact of a higher pay award compared to the budget increase allowed for, schools were drawing down on reserves

built up over the previous two years as they move to catch up / strengthen provision after the impacts of Covid and catch up on maintenance/ related improvements.

Robust monitoring needed to be maintained in this area, as whilst no schools have set a deficit budget, there were a couple of schools that entered an in-year deficit position following the impact of the pay award being reflected in individual school forecasts.

Overall, the current position on school balances represented an improvement from concerns evident in previous financial years. It does, however, remain necessary to closely scrutinise each position and ensure that recovery plans were in place and being delivered as intended to avoid a return to the previous position. This must be balanced with trying to avoid a situation whereby balances could be considered excessive and would, therefore, be a key consideration when setting future revenue budgets and reviewing the medium-term financial plan.

Comments of Cabinet Members:

- Councillor Davies added that Cabinet did not anticipate being in this current financial position, however, this was due to the cost of living and energy costs which had increasing demands on council services as a consequence as well as Brexit and the pandemic. These were unexpected and the councillor Davies was proud that Cabinet was prioritising the Council.
- Councillor Batrouni considered that the pressure in relation to pay increase impacted on the budget however the increase for staff was well deserved considering their efforts over the past decade and more recently during the pandemic.

The Leader also mentioned, as we progressed into the second half of the financial year the position continued to be subject to change and new issues and opportunities emerge. At this point, the issues that gave rise to individual significant overspending were known with certainty and the values attributed were realistic.

The overspending reported reduced compared to the last Cabinet update but clearly the position currently being reported was concerning. It was, therefore, important that those efforts to bring the position back towards a balanced position by the end of the year continued. In an effort to achieve this, services were asked to reduce/ stop non-essential spending wherever possible.

Decision:

That Cabinet:

- Noted the overall budget forecast position resulting from the issues included in this report and the potential for an overspend position to exist at the end of the financial year.
- Agreed that the Chief Executive and the Executive Board continued to review and challenge service area forecasts in an attempt to manage the overall forecasts within the core revenue budget, including revenue budget contingencies.
- Noted the risks identified throughout the report and in the Head of Finance comments, particularly in relation homelessness and the lasting impacts of the pandemic.
- Noted the forecasted movements in reserves.
- Noted the overall position in relation to schools, when compared to previous years, but also noted the risk that deficit positions could emerge in the future if good financial planning and management was not undertaken.

Action by

Cabinet Members / Head of Finance / Executive Board:

- Chief Executive and Executive Board continued to review the issues resulting in the current position and, with Heads of Services, continued to take robust action to manage

overall forecasts in line with available core revenues budgets, including revenue contingencies.

- Cabinet Members discussed financial forecasts and issues in their portfolio areas and agreed recommended action to bring those back in line with available budgets, as much as is possible.
- Heads of Services deliver agreed 2022/23 and previous year budget savings as soon as practically possible, but by the end of the financial year at the latest.
- Cabinet Members and Heads of Services promoted and ensured robust forecasting throughout all service areas.

5 Revenue Budget Draft Budget and MTFP: Final Proposals 2023/24

The Leader presented the report Colleagues, this report highlighted the key issues affecting the development of the Council's 2023/24 budget and Medium-Term Financial Plan.

Cabinet were asked to agree the proposals in order to enable the commencement of the 2023/24 budget consultation process. The results of the consultation would be reported back to Cabinet in February 2023, when we, as a Cabinet would agree a final detailed budget and recommend the corresponding council tax level to full Council.

Cabinet were asked to:

- i. Agree the draft proposals for consultation;
- ii. Approve the implementation of the delegated decisions set out in appendix 3 and appendix 11 of the report with immediate effect, and
- iii. Note the position on developing a balanced budget for 2023/24, noting that the position would be subject to ongoing review and updates between now and the February Cabinet when the final budget is agreed.

Unfortunately, budget preparations this year presented a distinct set of challenges. Not only with the requirement to build on the unprecedented circumstances of the last few years, but also being faced with drastic economic changes over an incredibly short period of time.

This challenge was being felt across the whole of the UK, and the council, as with residents, were dealing with pressures on a scale never seen before. High inflation, soaring energy bills and increasing demand for services were resulting in substantial financial pressure and, the Council, was seeing significant budget shortfalls over the immediate and medium term.

This resulted in a considerable budget gap of £27million between the money available to spend and what the Council needed to spend.

Whilst the UK Government Autumn Statement confirmed cash increases in funding for the next two years, the impact of rising costs means that a budget gap remained.

This was the case even after allowing for the fact that Welsh Government had, on 14 December, confirmed an 8.9% increase in core funding for the Council, which reflected an improved settlement in comparison with the indicative settlement figure provided a year ago.

The Council was required by law to set a balanced budget every year. Therefore, there was a need to consider all potential options for addressing the budget gap of £27m in 2023/24. This deliberation was against a backdrop of a period of sustained budget savings over the last decade of austerity.

Overall, the draft budget included investment of £45m in 2023/24 and £94m over the life of the medium-term financial plan, although 77% of this was to fund pay and pricing inflationary increases, the Leader specifically mentioned the areas of investment that were the areas in greatest need. The Leader wished that the Council had additional resources to invest in

many other areas, but this was simply not an option with the limited resources available to us:

Schools were facing significant inflationary pressures and cost increases. As stated on a number of previous occasions, Cabinet was committed to supporting schools and would continue to protect them as much as possible. This was reflected in the choice to wait for the draft Local Government settlement to be announced on 14 December, before announcing the draft proposal for schools, in the hope that a more positive settlement would facilitate a greater degree of protection.

However, whilst the draft settlement was more positive than initially anticipated, the extent of the financial challenge being faced meant that it was still not possible to completely shield schools from the need to contribute towards the Council's budget gap in 2023/24. Cabinet was therefore proposing that schools contributed towards a proportion of the pressures identified in relation to them.

As a result, consultation on a proposal whereby the Council provided additional funding to schools to cover the cost impact of increasing pupil numbers and 50% of the identified pay-related pressures. This meant that schools would be required to absorb the balance of pay pressures and any other inflationary increases in costs. However, this also meant that, overall, the cash value of the total school budget would increase in comparison with the current budget.

As always, Cabinet was keen to hear feedback from schools and encouraged both individual school representatives and collective groups to engage in the consultation process and provide views on the proposal at this meeting. Cabinet was committed to listening to the views put forward and would consider these before finalising proposals in February 2023.

For Social Care and Homelessness:

- (i) This budget proposed to invest over £4 million in social care in 2023/24 and almost £5.5 million over the medium term to help support its most vulnerable.
- (ii) £3.5 million provision to support Welsh Government's directive to ensure that there were no rough sleepers in Newport and continued to deliver a huge amount of support to rough sleepers following the pandemic and found accommodation for many individuals and families who found themselves in a difficult position. This investment would enable the Council to continue this.

Detailed investments would be agreed at the final budget in the Cabinet's February meeting and Cabinet would consider feedback from consultation, with particular interest in hearing views on its key priority areas of schools, social care, and homelessness, as well as feedback on specific budget investments.

After allowing for the investments outlined above and the indicative funding increased outlined by WG a year ago, a significant gap between estimated costs and funding existed. Cabinet considered options for addressing this gap, including a further increase in Council Tax and savings from across all council services.

The position and figures set out within the report were based on a 9.5% increase in 2023/24. For contextual purposes, 9.5% is a weekly increase of £1.55 - £2.07 for properties in Band A to C, which were the most common bands in Newport.

It was well documented that Newport's council tax was low compared to others in Wales, generating 23% of the Council's income. This council's average council tax rate was 15% lower than the Welsh average and even with a 9.5% increase next year, council tax would

still be lower than most (if not all) of the neighbouring authorities even if they had a lower level of increase.

The continued financial crisis was causing financial hardship and challenges for residents and business in the city and that would be at the heart considerations when planning the next year's budget. Like all councils across Wales and the rest of the UK Newport was facing its own unprecedented financial challenge.

After allowing for a 9.5% Council Tax increase, and the approach outlined earlier on schools, a residual budget gap remained. A range of savings was considered and a total of £11.6m was agreed for the purpose of public consultation.

These proposals were detailed within the appendices to the report and reflected an in-depth review of all council services, including back-office functions and front-line services.

It was important to highlight that this was not an easy process to undertake and decisions which have led to this set of proposals were not taken lightly.

To conclude, £27million was a significant proportion of our £343million total budget, and as with households the Council continued to face a rise in prices and the cost of delivering services was higher, affecting everything from schools to street lighting.

With two thirds of the budget funding schools, education and social care the Council was intent to ensure continuation of the delivery absolutely essential services to the most vulnerable and those requiring a helping hand at these most difficult of times.

However, with grim economic forecasts continuing the Council faced very limited options. This situation was not created by the Council or the people it served but the Council had to make these tough choices.

Cabinet therefore committed to looking closely and carefully at the responses to this draft budget as it finalised the budget in February.

Comments of Cabinet Members:

- Councillor Davies highlighted that WG were £1.2Bn worse than they had been in the past two years off and grateful with additional funding which made it possible to make a settlement towards schools, who had our support and wanted to stress that Cabinet were here to listen to them. The key pressures was and increase in staff costs. The Deputy Leader referred to the 9.5% Council tax rise and wanted to remind residents that we had a council tax reduction scheme, this was available to those on employment support allowance, pension credit and income support.
- Councillor Harvey mentioned that Cabinet had been looking closely at the budget since September. This was a consultation document and Cabinet was listening to residents and wanted their feedback. The Council would do everything they could to support residents. There were over 800 services ran by council but this was on a shoe string.
- Councillor Clarke highlighted that times were very difficult at the moment and wanted to assure Newport residents that we were a listening council and therefore it was important to hear the views of residents, and hoped that they would get involved.
- Councillor Lacey added that Cabinet would support family and businesses in Newport and therefore supported the proposal and would welcome comments from the public during the consultation.

- Councillor Hughes thanked the social care staff for their hard work during these difficult times and echoed comments of colleagues that people of Newport must get involved and make a contribution to consultation.
- Councillor Forsey mentioned that whilst there were financial pressures the Council was working towards improving the environment within Newport due to the changes proposed within the report.
- Councillor Batrouni also added that all councils within the UK were affected by the cost of living due to the scale of cuts.
- Councillor Marshall stressed that the Council cared and wanted to support residents, including social services and education. The Cabinet Member for Social Services also encouraged residents to put forward their views and stressed that we would get through this due to the hard work of the staff within the Council.

The Leader thanked Cabinet colleagues for their contribution towards the proposals outlined in the budget and their continued support.

Decision:

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

- i) Budget savings proposals in Appendix 2 (summary table) and Appendix 10 (detailed proposals).
- ii) As a starting point a council tax increase of 9.5% would be consulted upon, a weekly increase of £1.55 - £2.07 for properties in Band A to C, the most common bands in Newport, set out in paragraphs 3.12 to 3.15.
- iii) Proposed fees and charges in Appendix 5.
- iv) The budget investments shown in Appendix 1
- v) The specific schools proposal as verbally outlined in the meeting (ie that the Council provided funding to cover pupil number-related pressures and 50% of pay-related pressures).

2. Cabinet approved:

- vi) Implementation of the delegated decisions in Appendix 3 (summary table) and Appendix 11 (detailed proposals) by Heads of Service with immediate effect, following the usual Council decision making processes.

3. Cabinet noted:

- vii) The position on developing a balanced budget for 2023/24, noting that the position would be subject to ongoing review and updates between now and the February Cabinet when the final budget was agreed.
- viii) The current position in the development of a 'Transformation Plan' for the Council and the Head of Finance comments on the importance of that in relation to the medium/long term budget challenge and contributing to sustainable financial footing for services.
- ix) Further work was required to specifically review and manage the financial impacts of some key risks in 2023/24.

6 Capital Budget Monitor and Additions

The Leader introduced the report to Cabinet, which provided an overview of the updated capital budgets for this financial year and the remainder of the capital programme window, alongside the projected outturn position as at October of this year.

This represented the second capital monitoring report of the 2022/23 financial year.

The last report received by Cabinet was the July monitoring and additions report, which detailed, alongside the overall monitoring position, the exercise that was undertaken by officers to review the anticipated profile of spend for each scheme, with the aim of ensuring that a more realistic starting budget was reported against during the year.

There were a number of additions and amendments made to the programme since then, most of which related to the addition of specific grant-funded schemes. These total £8.512m, detailed in Appendix A, and impacted across multiple financial years, with £6.996m added to 2022/23 alone. Cabinet were asked to approve these additions to the programme.

The total net impact of these additions and revisions were to increase the total budget for 2022/23 to £88.4m.

Against the revised budget of £88.4m in 2022/23, expenditure totalling £71.1m was projected.

This variance comprised of £17.1m of slippage and £191k of “true” net underspends and overspends.

Cabinet were only asked to note the current forecast slippage, not to approve slippage at this stage of the year. Instead, slippage would be identified in each monitoring report and only in the final report of the year would Cabinet be asked to approve a total amount to be transferred to future years.

There were a number of schemes that forecasted high slippage figures, including Schools Band B, the Transporter Bridge and Leisure Centre.

The report also outlined the current position in relation to the capital headroom, made up of:

- £57k borrowing headroom
- £1.525m uncommitted capital expenditure reserve
- £1.474m of uncommitted capital receipts

The balance of headroom available took account of commitments already reflected within the Capital Programme, as well as provisional additional funding to take the overall Band B funding envelope to £90m but was not currently included on the capital programme. Therefore, the capital headroom was currently £1.789m.

Comments of Cabinet Members:

Councillor Batrouni thanked the finance staff keeping up to speed in relation to the capital programme, regarding inflation and the pandemic.

Decision:

That Cabinet

1. Approved the additions to the Capital Programme requested in the report (Appendix A).
2. Noted the predicted capital expenditure outturn position for 2022/23.
3. Noted the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.

7 Treasury Management Report

The Leader introduced the compliance report to confirm whether Treasury activities accorded with the Treasury Strategy previously considered and set by Members.

Its purpose was to inform Cabinet of treasury activities undertaken during the period from April 2022 to end of September 2022 and confirm, (other than interest rate volatility exposure), that all treasury and prudential indicators continued to be adhered to.

The report was presented to Governance and Audit Committee and endorsed by them for onward consideration by us in Cabinet, and ultimately Council.

The report presented the following information:

- Reminder of treasury strategy agreed
- Details of borrowing and investment activity
- Wider economic considerations eg pandemic, economic climate
- An update to the International Treasury code on commercial investment funding
- And concluded with an examination of activity against performance confirming compliance

In relation to the borrowing aspect, the report highlighted, as at 30 September 2022, that borrowing was £140.6m, a decrease of £1.5m in comparison to 2021-22 outturn levels.

This decrease was predominantly caused by our Equal Instalments of Principal (EIP) loans, which paid back principal over the life of the loan (and so incurs less interest costs), as an alternative to our maturity loans where the principal was repaid on the final day of the loan.

Officers advised Cabinet that as interest rates increased, there was a likelihood that our LOBO (Lender offer borrower offer) loans would be called in. This meant that the lenders asked to amend the rates of these facilities upwards, the borrower (the Council) either accepted that increased rate or redeemed the debt. No such recall requests were made in first half of 2022-23, but should they be made in second half of the year, unless there was a sufficient incentive to accept the change in interest rate, officers were anticipating they would be replaced with more traditional borrowing in due course.

Current capital expenditure forecasts involved a degree of slippage, so it was not expected there would be a need to undertake further long-term borrowing this financial year, although that did not preclude external borrowing being considered if the situation was advantageous in acting as a hedge to manage interest rate risks recognising the Council still had a longer term borrowing necessity. Any such decision to do this would be made in line with advice from the Council's treasury advisors and only where there was a clear financial benefit in doing so.

With regard to investments, the level of investments at 30 September was £50m, and decreased by £8.2m since outturn 2021-22, as we used up such resourcing as a more cost effective alternate to arranging new external borrowing.

It was anticipated that investment levels would continue to reduce during 2022/23 as an alternative to borrowing until we ultimately reached a minimum balance of £10m, which would remain invested for compliance with MiFIDII. (Markets in Financial Instruments and Derivatives Directive).

Market expectations were for interest rates to start to revert to more traditional levels in the last quarter of 2022-23, and so it was sensible to avoid making any long-term borrowing decisions in the short term whilst rates were perceived to be higher than likely next year.

This approach was a cornerstone of effective internal borrowing, and even in an environment of increasing interest rates, the cost of new borrowing was still more expensive than any increasing returns on investments, so it continued to make sense to use our existing surplus cash balances as an alternative to arranging new borrowing.

The final aspect for Cabinet to consider were the Prudential Indicators. The Authority measures and managed its exposures to treasury management risks using various indicators which could be found in Appendix B. The report confirmed the Council continued to comply with the Prudential Indicators set for 2022/23, other than one particular metric designed to highlight the risk to levels of interest receivable from investments should interest rates collectively fall by 1%.

Officers explained in the report that the purpose of that particular indicator was to highlight how much the Council budgeted income levels would be adversely affected by any drop in interest rates. The deviation was more significant than the target due to an increased level of investments being made, and also created a false impression as interest rates were experiencing a rising trend currently. But should those interest rates revert to historic levels (which was not anticipated in the short term), there would still be no risk to the Council's financed in this financial year, as the current income targeted for interest receivable was being exceeded. Officers were aware that the risk would need to be closely monitored heading into 2023/24, if both investment levels and interest rates were to reduce.

Comments of Cabinet Members:

Councillor Batrouni referred to recent news that the American inflation rate was much lower than the markets were predicting, leading to speculation of the easing of hiking interest rates and possibly reversing course. In relation to the strategy of short-term borrowing it seemed likely that there may be a turn in 2023 given the scale of possible recession fears. It would therefore be prudent to maximise internal borrowing now and look to long-term borrowing as Britain tried to boost the economy.

Decision:

Cabinet noted the report on treasury management activities during the first half year period of 2022-23 and provided comments on the report for inclusion in the subsequent report to Council.

8 Corporate Risk Register Update: Quarter 2

The Leader introduced the report providing an update of the Council's Corporate Risk Register for the end of Quarter two (1 July to 30 September 2022).

Cabinet members were asked to consider the contents of this report and continued the monitoring of these risks and the actions being taken to address the risks identified in the report.

The Council's Risk Management Policy and Corporate Risk Register enabled this administration and officers to effectively identify, manage and monitor those risks which prevented Cabinet from achieving its strategic priorities and to undertake statutory duties as a local authority.

The Quarter two risk report would also be presented to the Council's Governance and Audit Committee in January 2023 to review the Council's risk management process and governance arrangements.

At the end of quarter two Newport Council had 42 risks recorded across the Council's eleven service areas.

The risks deemed to pose the most significant risk in the delivery of the Council's Corporate Plan and services are escalated to the Council's Corporate Risk Register for monitoring.

At the end of quarter two, 14 risks were recorded in the Corporate Risk Register.

- Eight Severe Risks (15 to 25);
- Six Major Risks (seven to 14);

In comparison to quarter one, there were no new and/or escalated risks and two risks were closed.

Ten risks remained at the same score as quarter one.

Three risk scores increased, and one risk score decreased in the Corporate Risk Register.

With a risk score increased from 20 to 25, Newport City Council's social services were under considerable demand and in the last quarter, Newport's Children Services had to put in place measures to manage the increase volume of referrals into its safeguarding hub.

There was also pressure on its staff, managing its sickness levels and recruitment into staff vacancies.

The service was working to ensure the most vulnerable and at risk were prioritised through risk assessments and to ensure statutory services are delivered.

The Council's Medium-Term Budget risk score increased from 12 to 20, as already highlighted at Cabinet, the Council was facing a significant budget gap in its Medium-Term Financial Plan.

The Finance Cabinet Report and presentation of the budget proposals were demonstrating the Council's actions to identify savings across service areas to reduce the impact of the budget gap.

Newport City Council would be consulting with the public on the budget proposals and would consider the feedback from the public before making any final decisions in the New Year.

The potential impact of cyber-attacks remained prominent; risk score decreased from 16 to 12. Throughout the year Newport Council's IT service (Led by the Shared Resource Service) continually tested, monitored and reported on attacks on the Council's systems. The Council had measures in place to manage cyber-attacks and to manage any potential breaches, including training for staff and members.

As identified in the Council's Medium Term budget risk, schools across Newport were also being impacted, with a risk score increased from nine to 12 by the inflationary pressures and there was an increased risk of some schools at the end of the financial year being in a deficit position.

The Council was working with schools and their governing bodies to identify and support schools which could be facing financial difficulty and to put in place necessary actions to mitigate its impact.

At the end of quarter 2, based upon the information provided, the Council agreed to close two risks, Covid-19 Pandemic and Post EU Transition risk.

We recognised that Covid continued to impact residents and our Civil Contingencies team alongside partners in Health and Welsh Government continued to monitor its impact across communities and key services.

Many of the services in Newport City Council were now managing its impact through ongoing HR, and health and safety business as usual procedures.

Regional and local Gold emergency arrangements were stood down to reflect this position.

It was therefore agreed for this risk to close at the end of Quarter 2.

Since the UK has left the European Union, many of the arrangements in place were largely outside of Newport Council's control.

As part of the Welsh Local Government Association, we continued to provide our voices and respond to any future changes to post EU arrangements as they arose.

For EU citizens living in Newport, we remained committed to support those communities and residents who would always be welcome to live in Newport. Our Community Cohesion team and other partners continued to support EU citizens with any advice, and guidance; and continued to celebrate and promote the benefits which different cultures provided to the City of Newport.

Comments of Cabinet Members:

- Councillor Davies commented on the three risks associated with Education and whilst they remained amber, The Cabinet for Education and Early Years would work hard with the school team as the impact of the budget would have unwanted pressures on schools, particularly with the effect of out of county placements. Additional Learning Needs (ALN) and Special Educational Needs (SEN) provision was also an ongoing pressure for schools. It was therefore important to focus on keeping the risk low in relation to this. The Cabinet Member also echoed the comments of the Leader that everyone was welcomed in the city of Newport as a city of sanctuary.
- Councillor Marshall referred to joint services and at briefings with adult services, Cabinet kept a regular focus on where the risk could be lowered at every opportunity.
- Councillor Hughes echoed the comments in relation to adult services and also the community cohesion side and visited a Hungarian community market in Newport, their children spoke in Welsh and had taken to Newport as their home city and the culture they brought made a positive impact. It was a real pleasure to see them celebrate their culture.

Decision:

Cabinet considered the contents of the quarter two update of the Corporate Risk Register.

9 Gwent Wellbeing Plan

The Leader introduced the report updating members on the Gwent Wellbeing Plan 2023-28, seeking comments from Cabinet as part of the statutory consultation process.

There was a statutory requirement within the Well Being of Future Generations (Wales) Act for Public Services Bodies to produce a Wellbeing plan setting objectives on how to improve the economic, social, environmental, and cultural well-being of its area by contributing to the achievement of the seven National Well-being goals

In July 2021 it was agreed for each of the five local PSBs, including OneNewport, to merge to form a Gwent PSB thus strengthening partnership arrangements across the region, therefore the wellbeing plan was based upon needs assessments from across Gwent, including the six local areas of Newport

As Chair of the OneNewport partnership, which became a local delivery group, the Council would be working closely with all partners to deliver the objectives of the final plan both on a regional and local footprint

The analysis of the needs assessments highlighted three key themes our residents wanted to prioritise grouped into the following consultation draft objectives:

- We want to create a fair and equitable Gwent for all
- We want to create a Gwent that has friendly, safe, and confident communities
- We want to create a Gwent where the natural environment is protected and enhanced to maximise the well-being benefits that nature provides to current and future generations

The Leader drew Cabinet colleagues' attention to each of the draft objectives and associated steps.

The statutory 12-week consultation period for the draft plan closed on 31 December after which it would be amended, and a final version would be presented to Council for approval and adoption in February 2023.

All other partner organisations would also need to sign off the Plan and final sign-off from the Gwent PSB is planned for mid-April 2023, with publication in May 2023.

Alongside this the Council was working with OneNewport partners and other key stake holders to develop the local action plan to address the particular needs for communities across the city.

Comments of Cabinet Members:

- Councillor Batrouni has two questions prepared for the Leader in relation to what other areas could Gwent Councils look at to improve services. In light of this the Cabinet Member for Organisational Transformation asked did we share data, or detailed patterned analysis or horizon scanning with partners on this and were steps taken on how to achieve the objectives. An example was given regarding reducing child poverty, under performance management, it mentioned how were we making progress; however, this was blank, and the Cabinet Member felt that this was key point to be completed. In response, the Leader mentioned that it came up at the OneNewport Partnership meeting the day before and the priorities that warranted emphasis. The First draft objective, which related to creating a fair and equitable Gwent was a very ambitious commitment for all partners across the Gwent PSB and working with Professor Sir Michael Marmot to look at inequality across the whole life course, which was monitored and recorded to see how it could be brought forward fundamentally. It was important that this be delivered not only across Gwent but in Newport. The OneNewport Partnership was very strong and members were keen to ensure we delivered what was right for Newport. There were five intervention areas and we monitored performance against these. It was important that we recognised the value of this data and emphasised the role of other public sector partners within this partnership such as The Jigsaw Project working with Fire Service and Newport City Council. This helped us identify vulnerable homes across Newport and Monmouthshire, showing how well partnerships worked and how this could make a difference.
- Councillor Hughes acknowledged the work of the partnership organisation. The objectives should not only be for the wellbeing plan but for the society as a whole. It was ambitious and envisaged where communities would, could and should be. The objectives were admirable and could be achieved, making a fantastic improvement to the community. The Leader thanked The Cabinet Member for Social Services for his work with the regional partnership board.

Decision:

That Cabinet:

- a) Reviewed and accepted the consultation draft of the Gwent Well-Being Plan
- b) Recommended the final version to Council on 28 February 2023 for approval and adoption

10 **Norse Joint Venture**

The Leader introduced the report highlighting the partnership created with Newport Norse in 2014 as a joint venture between Newport City Council and Norse group, a public services company owned by Norfolk County Council.

The partnership provided an integrated Property and Facilities Management service and included professional services such as estates management and design; building maintenance, premises management and cleaning supported by a direct labour work force.

The initial contract term was ten years, expiring in June 2024, with the opportunity to extend by a period of up to 10 years. Any such decision must be taken by 30 December 2022.

This provided an opportunity to review the arrangement and consider future requirements.

The Council's work with Norse delivered a range of benefits to the Council, and the wider community. The partnership generated significant local spend with suppliers within the NP postcode area and Norse employees around 320 staff including apprentices and trainees.

Newport Norse managed a range of built assets for the City Council with a total asset value of some £320m. The Norse Joint Venture (JV) provided a 'one stop shop' for all property services, and acted as the Council's Corporate Landlord, ensuring Council policy was followed and that the Council optimised the use of its property assets.

The Partnership was the subject of annual Scrutiny reports, most recently in November 2022. At this meeting, the positive progress made was noted, although matters raised included the service agreement and an emphasis on wider social and community value. This aligned with the aspirations of the Council's new Corporate Plan to place social value at the core of our activity.

Considering the significant work delivered by Newport Norse, the risks and potential benefits of the end of the partnership, the Report proposed a short-term extension of the current contract with improved financial benefits, allowing time to review the delivery model.

This would also provide support for a programme of asset rationalisation as set out in our Corporate Plan and consider how we maximised community benefit from any future arrangement.

Decision:

That Cabinet agreed to extend the Service Agreement with the Norse Joint Venture Company until 31 Dec 2025 subject to agreeing improved financial benefits pending a review of the delivery the model and future requirements.

11 **Regional Integration Fund Financial Plan**

The next item on the agenda introduced by the Leader was a report outlining the financial liabilities arising from the proposed tapering of the Gwent Regional Integration Fund, describing how the fund was established as part of the Programme of Government to drive and support transformation in social care and health across the public sector.

The Regional Integration Fund was set up as a five-year programme to lever positive change and innovation to improve services for our most vulnerable citizens. The total pot of the Regional Integrated Fund remained in place for the whole five years, but the taper was proposed to release funding each year for new projects while previously funded projects were main streamed.

However, the fund came as a successor to the previous grant funded programmes of the Integrated Care Fund.

Many of the programmes previously funded by the Integrated Care Fund and now funded by the Regional Integrated Fund were integral to the continued safe delivery of social care for adults and children's services.

Some of the many services supported by the fund are early intervention services for people with dementia, support for unpaid carers, Special Guardianship care and step up/step down beds.

Many of the services were managed and run regionally but services solely for our residents received a total of £2,049,655 in Regional Integrated Funding. In 2023/2024 the first proposed year of the taper we would need to secure £396,719 in order to support the current services.

Cabinet colleagues supported an ambition to be able to deliver continued innovation and ensure positive learning was a key part of the delivery of our services. The proposed tapered funding would be a mechanism to release grant funding after piloting and trialling of new models.

Sadly, the change in the financial outlook would mean that the adoption of the taper would mean the ending of key services as we would be unable to fund them through alternative budgets.

All Local Authorities and Health Boards were currently considering the proposed tapering arrangements and the challenges such a model now presents. The Gwent Regional Partnership Board was seeking the views of the partners in order to reach an agreed position.

Comments of Cabinet Members:

Councillor Hughes, who represented Cabinet on the Gwent Regional Partnership Board mentioned that Newport remained committed to the RIF objectives and the significant progress that had already been achieved. We wanted to see the transformational change delivered across the health and social care sectors that benefitted the citizens of Wales, Newport and the Gwent region. There had been significant economic changes since the establishment of the fund which had brought challenges regarding implementation of the taper. The fear was that this would destabilise and undermine the core demands and elements of provision. The implementation of the taper in 2023/24 would have an impact on core services and place additional budget challenges on the social services budget. The key aspect of the report was that the proposed taper risked fatally undermining the achievements thus far. The Cabinet Member welcomed the MS efforts to find a solution. The Regional Partnership Board Leadership Team were renegotiating and seeking to revise the grant conditions and the Cabinet Member supported the Regional Partnership Boards decision and would recommend that this was the position that we take as a Council moving forward. There was a unanimous position within the Gwent Regional Board, Local Authorities and the Health Board and the Cabinet Member therefore supported the recommendations being made.

Decision:

That Cabinet:

- a) Considered the financial liabilities and implications of the Regional Integration Fund and its tapered funding model.
- b) In light of the significant financial challenges the proposed tapering arrangements would place on the LA Cabinet supported the RPB leadership in seeking to revise the grant conditions.

12 Director of Social Services Annual Report

The next item on the agenda introduced by the Leader was the presentation of the Annual Report of the Director of Social Services.

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

The report must set out the personal assessment of our Director of Social Services of the performance of Social Services in delivering its social care functions during the preceding 12 months.

This report covered the period of 2021 to 2022 and was laid out in the format within the prescribed guidance.

The Leader Invited the Strategic Director for Social Services to say a few words.

The Director of Social Services mentioned the hard work of the staff how continued to deliver their service to vulnerable citizens despite the challenging circumstances. We should have nothing but pride in colleagues and the work they delivered. The Strategic Director thanked the Leader for the opportunity to speak.

During this period the Council had seen a restructuring of our Senior Management team and the appointment of a permanent Director of Social Services. The delivery of social care during 2021 2022 was of course profoundly impacted firstly by covid and the restrictions of the pandemic closely followed by the beginning of the emerging cost of living issues.

The Leader also added that staff across all of Social Services continued to deliver the majority of provisions face to face while embracing the benefits of hybrid working in certain key areas. The learning of this way of working continued to improve and enhance practice.

Comments of Cabinet Members:

- Councillor Hughes noted that the report was retrospective and wished Chris Humphries a happy retirement. Social services had an exceptional management team who met the challenges of the pandemic as well as the structural changes they were facing. The service area continued to keep residents of Newport safe, and the Cabinet Member therefore felt this report highlighted their finest hour. Social Services would continue to see unprecedented demands and the staff were a credit to the city. Councillor Hughes also thanked Councillor Cockeram, the former Cabinet Member as well as Sally-Ann Jenkins, the Strategic Director for Social Services and acknowledged her hard work and contribution across the city.

- Councillor Marshall thanked the Leader for the extra financial support in relation to the changes that took place during the time of the report. The Cabinet Member for Social Services felt that the Leader was right to highlight the proud innovations in the service, such as baby and me, which showed practice work within Newport. The report was clear, detailed open and transparent and thanked director, manager and all staff in their willingness to help others during covid, ensuring vital services were maintained whilst remaining innovational.

The Leader thanked all staff for their hard work and continued care.

Decision:

That Cabinet:

- a) Noted the annual report of the Director of Social Services.
- b) Commented on the content of the annual report of the Director of Social Services.

13 External Pressures Report

The Leader introduced the above report, which was the Council's response to the external pressures impacting Council services.

This report provided an overview of the current wider economic impact at UK and Welsh levels since the last report presented at Cabinet in November 2022.

The situation was challenging, and it was important to all work together with partners to be able to support our most vulnerable residents as much as we can.

Communities across Newport were facing unprecedented financial pressures resulting from inflationary increases of energy, food, mortgage and rent, and other household costs.

In addition to this, public sector including Newport City Council, businesses, charities and not for profit organisations were also experiencing increasing costs and having to make difficult decisions in relation to the services provided and passing on these costs to the customer. It was anticipated that the winter could see further challenges and impacts on communities and businesses.

The Leader thanked staff for their continued hard work. Newport was a city of sanctuary and would provide support for those who needed it.

Newport had a long history of welcoming people seeking sanctuary and continued to offer a place of safety for those fleeing conflict and persecution and the Council was fully supportive of UK and Welsh Government schemes to provide safe sanctuary.

This however, placed an additional demand on Council services and particularly its private housing stock and social care services.

Residents who were struggling were therefore encouraged to contact the Council who would provide help and support for people to pay their bills and try to prevent them from getting into any financial difficulty.

Working with partners was also important to achieve this. As Chair of OneNewport the Leader was confident of the strong partnerships across the city, and was heartened by the commitment and passion of all partners to do all that they could at a recent cost-of-living summit in November, held by the Leader.

Officers would continue to facilitate community-based events across the city with a range of partners to provide advice and guidance on the support available from local and national sources, and would continue to support the Welsh Government initiatives including warm spaces and claim what's yours

Comments of Cabinet Members:

- Councillor Davies mentioned the hard work of volunteers delivering food to those in Newport who were in need. Councillor Spencer made an impressive Father Christmas for the children in his ward. The Cabinet Member thanked the schools in Newport for working hard as well as providing food vouchers for school meals.
- Councillor Clarke mentioned that he and the Leader visit St Mary's Church in Malpas and helped with their Christmas wrapping. It was impressive to see the volunteers support the community, their involvement which quite humbling. The Cabinet Member also thanked volunteers in Newport.
- Councillor Harvey added that the army of volunteers in Newport provided outstanding support. The Cabinet Member for Community Wellbeing mentioned the staff in Newport who's hard work was phenomenal and they went above and beyond.
- Councillor Hughes referred to Caerleon coming together to support local charities, mentioning the hub in Caerleon where people could attend to receive financial information. Voluntary work within Newport was making a real difference throughout the city.

Decision:

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

14 **Work Programme**

This was the regular monthly report on the work programme.

Please move acceptance of the updated programme.

Decision:

Cabinet agreed the Work Programme.