

Minutes



Cabinet

Date: 12 September 2016

Time: 11.00 am

Present: Councillors D Wilcox (Chair), P Cockeram, D Harvey, G Giles, R Poole, J Richards and R Truman

In Attendance: Mr W Godfrey (Chief Executive); Mr M Nicholson and Ms B Owen (Strategic Directors) ; Mr G Price (Head of Law & Standards) Mr M Rushworth (Head of Finance) ; and Mr R Cornwall (Head of People & Business Change)

Apologies: Councillors R Jeavons and M Whitcutt

1 **Declarations of Interest**

There were no declarations of interest by Cabinet Members

2 **Minutes**

The minutes of the meeting of the Cabinet held on 11 July 2016 were confirmed as a true record by the Cabinet and signed by the Chair

3 **City Deal - Update and Memorandum of Understanding**

The Chief Executive presented a report informing Cabinet that in March of this year, the Council signed the outline city deal, which is an agreement between the 10 authorities of the Cardiff Capital City Region (CCCR), UK Government and Welsh Government.

The deal outlines how all parties can work together to improve economic outcomes across the city region. It also outlines the creation of an Infrastructure Investment Fund of £1.229bn which, if certain conditions are met, could be invested over a 20 year period to deliver projects aimed at improving economic outcomes.

The Chief Executive stated that there was still a long way to go and the Council would need to consider carefully whether the investment will deliver value for money and outcomes which meet the needs of our communities. However it was important at this point to continue our involvement in the process and work with other partners to secure the best deal possible.

The Chief Executive informed Cabinet that all authorities had been asked to sign up to a memorandum of understanding (MOU), which outlines the work required and seeks a commitment to work together to bring the deal to a conclusion. Each authority was also asked to provide some further funding to provide the necessary resource to complete this work. The Chief Executive stated that a programme office had been established. The proposal is to set aside a further £500,000 with contributions made by each authority based on population proportions across the city region. For Newport this equates to a contribution of just under £50,000. Cabinet had already agreed to set this money aside as part of the consideration of the year- end report for 2015/16.

The Chief Executive stated that any final proposal will require sign off by Council and it was anticipated this will take place before the end of the 2016/17 financial year.

Decisions:

- I. To endorse the work to date on the city deal and support the ongoing work to its conclusion.
- II. To agree the updated Memorandum of Understanding between the 10 authorities and authorise the Chief Executive to sign on behalf of the Council.

4 Annual Review of the 15/16 Improvement Plan

The Leader of the Council introduced a report informing Cabinet that under the Local Government Measure 2009; Local Authorities have a duty to make arrangements to secure continuous improvement and to account for it.

A report prepared by the Head of People & Business Change provided details of progress in delivering the Improvement Objectives described in the Improvement Plan 2015/16. The 2015/16 Improvement Plan was based on the key themes that form the Corporate Plan 2012/17; the change this year had been that there are ten Improvement Objectives spread across the themes. Their performance was summarised in the report.

Cabinet was informed that overall progress against the 15/16 plan was assessed as being 'good', with most Improvement Objectives performing well with Excellent progress is being made in some areas including: 'Ensuring the best educational outcomes for children' and 'Helping children have a flying start in life'. There remained room for improvement and the increasingly difficult environment provided challenges to the Council, its staff and its services. The Leader referred to some of the details behind the report and stated that there were many positive aspects of the report to be promoted. It was noted that targets were being made more difficult to achieve and that the overall aim was to provide the best possible outcomes for the city.

Decisions:

To note the content of the report; to commend areas of successful service delivery; and to recommend the report to Council.

5 Improvement Plan 16-18 Update for Quarter 1

The Leader of the Council introduced a report informing Cabinet that in April 2016 the Council approved the eight Improvement Objectives in the Improvement Plan for 2016-18.

A report prepared by the Head of People & Business Change provided details of progress towards delivering the actions set out in the plan and the performance measures that support those actions in 16/17.

The positive working alongside Health was drawn out as a good initiative for the City. Good progress was welcomed. The improvements in outcomes in education were also welcomed.

The Cabinet was informed that overall assessment of progress towards achieving the Improvement Objectives set out in the plan was classed as 'Green – Good.' Good progress was being made overall and 'ensuring the best educational outcomes for children' had been assessed as excellent.

Decisions:

- I. To note the progress made during the first quarter of 16/17 regarding key actions and measures
- II. To agree that corrective action be taken to address areas of underperformance

6 Corporate Risk Register Update

The Leader of the Council introduced a report providing the Cabinet with the latest update of the Corporate Risk Register.

A report prepared by the Head of People & Business Change informed Cabinet that there were eight risks identified in the register, and all were medium risks. Cabinet was informed that since the last update five risks remained unchanged, one had increased, one had reduced and one was a new risk in relation to Brexit.

Decisions:

To note the contents of the Corporate Risk Register and request a further update at the December 2016 meeting

7 Performance Management Reporting Framework

The Leader of the Council introduced a report informing Cabinet that performance information allows the Council to assess how well we are doing against our objectives and whether we are meeting our duty to demonstrate continuous improvement as laid out in the Local Government Measure 2009. Information showing how we are doing is published for the public to view and allows the public compare the Council's performance to other Local Authorities.

A report by the Head of People & Business Change stated that, as part of the performance management framework the Performance Board played a role in the overall monitoring of performance provided in-depth scrutiny of the improvement plan objectives and oversight of data quality. The role of Performance Board had been questioned by the Wales Audit Office in their Corporate Assessment report 2013.

Although the Council has collectively improved the level of challenge and accountability since this Corporate Assessment Report, a new performance management reporting framework was proposed. Cabinet was informed that the new framework would demonstrate more clearly how performance is challenged and how current information is shared across the Council. Details of the new framework arrangements were set out in the report. The success of the new arrangements would be reviewed and assessed in due course

Decisions:

To endorse the proposed Performance Management Reporting Framework

8 Wellbeing of Future Generations (Wales) Act 2015

The Leader of the Council referred to a recent successful meeting with the Commissioner and introduced a report informing Cabinet that the Wellbeing of Future Generations (Wales) Act was about improving the social, economic, environmental and cultural wellbeing of Wales. It will make the public bodies listed in the Act think more about the long term, work better with people and communities and each other, look to prevent problems and take a more joined-up approach.

A report by the Head of People and Business Change stated that significant work has been ongoing and progress was already being made across the organisation to meet the requirements of the Act, with further work scheduled over the next few months.

Progress was set out in detail in the report as were the next planned steps. The Council must set and publish Wellbeing Objectives and a Wellbeing Statement by 31st March 2017. This work would need to take into account the timescales, existing policies and decision making processes, and the local government elections in May 2017. To this end a detailed work programme was presented to Cabinet. It was noted that good work had already been undertaken in Newport with the ward profiles, and those ward profiles will be further developed and refined to become community well-being profiles. This will incorporate the previous valuable work undertaken within the ward profiles and also meet the needs of the WFG Act.

Decisions:

To note progress of the Wellbeing of Future Generations Act and agree the next steps

9 Strategic Equality Plan - Annual Report 2015-16

Councillor Gail Giles, cabinet member for Education & Young People and the previous Chair of the Strategic Equalities Group, introduced a report (in the absence of the Cabinet Member) informing Cabinet that public authorities have to produce an annual report and publish it within a year of the year end at 31st of March. A report was prepared by the Head of People and Business Change for April 2015 to March 2016.

Cabinet was informed that the Council approved the Strategic Equality Plan (SEP) in March 2012 to comply with the Equality Act 2010 and the Statutory Duties (Wales) Regulations 2011. The Plan set out how the Council applies the law to the Council's work, and commitments to make progress on five equality objectives; Engagement; Accessible services; Community cohesion and tackling hate crime; Domestic abuse; and Worklessness

Excellent progress and innovative work on these objectives was reported in detail by Councillor Giles and was welcomed by the Cabinet.

The report presented to the Cabinet demonstrated that the Council considers the equalities on a strategic level and has governance arrangements in place with the Strategic Equality Group, to ensure successful delivery. The equalities agenda also forms part of our wider partnership and corporate priorities, and will also inform planning around Wellbeing of Future Generations requirements in the current year.

The Head of People and Business Change stated that the equalities objectives were reviewed during this period, as outlined in the Strategic Equalities Plan 2016-2019 and these will form the basis of the 2016-2017 report next year.

Decisions:

To endorse the report and progress made against the Equality Objectives.

10 Update to Medium Term Financial Strategy

The Head of Finance introduced the annual report informing Cabinet that despite the better anticipated than settlement in 2016/17, the financial challenges facing Welsh Local Councils continues, and Councils are still bearing the brunt of austerity. The Head of Finance stated that the Chancellor's budget in March announced further spending cuts in the public sector to 2019/20, on the backdrop of a worsening global economic backdrop and the target for reducing the government debt.

Following Brexit and subsequent changes to the Prime Minister and government Cabinet, there had been no alternative budget brought, and whilst the national Government has indicated it may allow longer to reach a balanced national budget, the planning process for the budget needs to continue on the assumption that austerity is set to continue for the foreseeable future.

Cabinet was informed that under this context, the Council needs to follow a robust strategy in planning for and meeting its medium term financial outlook and 2017/18 budget in particular. Essentially, there are 2 distinct parts to this overall strategy – (i) updating our financial strategies and assumptions where necessary to identify the medium term financial challenges, and (ii) developing plans to deal with the challenges which deliver sustainable services to the public and continues to meet the Council's priorities.

The Head of Finance stated that the current estimate of the funding gap for the coming year was in the region of £6m at this stage. Work was continuing to manage the gap. It was pointed out that this Council still spends some £7.5m below its SSA. This was put into context when compared to other Local Authorities, some of whom were spending above SSA. It emphasised the differences in historical funding of local authorities.

The report by the Head of Finance updated the Council's financial strategy by reviewing and updating where necessary the key contextual issues affecting our planning assumptions, key issues around managing risk, performance and financial resilience, and other financial assumptions made within the Council's medium term financial plan to update the resulting budget challenges, over the medium term.

The report then informed Cabinet of some of the key strategies already in place to reduce and minimise some of the financial challenges identified and other strategies to address the potential budget gap over the medium term.

Decisions:

- I. To approve the current key planning parameters in setting out the current budget gap for 2017/18 and the Medium Term, noting that this work is subject to on-going refinement and updating over the autumn.
- II. To note and approve the current working strategies officers are working under to provide budget solutions to the current level of budget challenge,
- III. To approve the continuation of the working strategy in relation to school funding in the next financial year which 'cash freezes' school budget, noting that this could be reviewed in light of the draft settlement when known but any flexibility can only be used if there is a significant improvement in the Council's budget gap / WG funding at that point.
- IV. To note the Head of Finances comments and observations on the current risks facing the budget, how they are being managed and financial resilience issues.
- V. To note the current level and projected use of reserves and how these are utilised in the context of the Medium Term.

11 Revenue Budget Monitor

The Head of Finance introduced a report informing Cabinet that as at July 2016, the Council's revenue budget is projecting overspending of £1.18m. He stated this primarily relates to overspends within service areas of £2.81m (exc. Schools) as set out in detail in the report

This was partially offset by non-service underspends on Council tax benefit rebates (£889k) and Council tax surplus (£655k).

Cabinet was informed that this position excludes schools, which is currently reporting a deficit position of £2.88m. The overall service position (including Schools) is £5.69m overspend, however, Schools have nil effect on the overall Council position as any variance against base budget is matched by a corresponding reserve transfer to or from schools balances.

The Head of Finance stated that the net position assumes, as we always do at the early stages of the year, that the contingency budget of £1.473m is 'committed'. If this was not utilised, the position would be a c£300,000 underspend currently. He stated that there was a real possibility for the position to worsen, with further slippage on MTRP savings and cross-cutting savings in particular. If these were to come to fruition, this would result in the majority of the contingency budget being utilised. This is before further potential budget issues are taken into consideration as the year progresses – the report highlights that there are many potential risks to be managed across the Council. At this early stage of the year, the current position is very challenging and requires immediate management action to improve. Managers have been instructed to find mitigating savings, where possible, to reduce the current overspend to a balanced budget position. It was hoped that the position would improve in time for the November monitoring report

The Cabinet Member for Education and Young People pointed out the difficulties in relation to out of area placements and the fact that expenditure in this respect was impossible to predict or avoid. The Cabinet member for Adult Social Services and Housing stated that costs that arise in relation to vulnerable adults and arising from the changing demographics were also difficult to assess with little recognition from the Central Government.

Cabinet was informed by the Head of Finance that, given the context, chief officers should not underestimate the need to improve on this position as much as possible and to manage within budget. The Chief Executive also stated that he was confident the position will improve. In terms of the overall budget, the predicted overspend was relatively small but everything would be done to address the figure reported. Resilience was good enabling challenges to be identified earlier.

The Leader stated that she would write to Chief Officers setting out concerns about the current position and asking for progress to be made to address the position in relation to the potential overspending as reported

Decisions:

- I. To note the forecast 2016/17 revenue budget position and the key risks identified at this stage;
- II. To ask Cabinet Members, Directors and Heads of Service to maintain on-going strong financial management, and People and Place directorates to confirm a comprehensive set of actions to reduce their overspending;
- III. To note the planned reserve movements and revised balances at the end of the year.

12 Education Capital Programme

The Cabinet Member for Education & Young People introduced a report which described to Cabinet the development of the education capital programme since 2011 to the present day and sets out how a funding challenge has now emerged.

The report by the Head of Finance stated that a new scheme is introduced as the Maes Ebbw extension of 7 classrooms, as an addition to the current programme. The report

presented Cabinet with options for funding the education capital programme either by deferring some projects into future years, or by funding the entirety of the programme.

Cabinet Members were informed that a review of the current and potential programme had confirmed the challenges were: building inflation; fixtures, fittings and equipment; and the demountable replacement project

The report highlighted four programme schemes that are directly and significantly affected by the funding challenge:

- New Welsh-medium secondary school;
- Caerleon Lodge Hill replacement build;
- Demountable replacements for Bassaleg School, Caerleon Comprehensive and Pentrepoeth Primary (which also includes a nursery legally established through statutory consultation);
- The Fixtures, Fittings and Equipment in S106 developer led new schools builds.

The current potential shortfall in funding was identified in the report

Two options were discussed:

Option one was to defer a number of schemes into future years or even into the next financing phase (Band B) in order to reduce the funding shortfall in the first instance, with the financing for the remaining shortfall following this. The potential deferrals are split into two categories:

- Firstly, where there is the recommendation to defer;
- Secondly where a scheme can be deferred as it is not yet complete, but this is not recommended due to the level of risk if it is delayed.

Details of the budgets, actuals and projected variances for the schemes below and reasons for deferral were set out in the report. The funding shortfall gap could be reduced by £6.575m by deferring the schemes as detailed in the report.

The Cabinet Member for Education and Young People stated that she had asked for the possibility of refurbishment of demountable classrooms awaiting replacement to be examined, should this option be adopted.

The other option available to Cabinet (Option 2) was to fund the entirety of the current education capital programme to support delivery of intended programme schemes within the Band A period 2014 – 2019. If option 2 was to be chosen, it is unlikely that the shortfall would be deliverable from current earmarked reserves, and substantial additional borrowing would be required. This would be subject to further analysis on the impact subject to WG funding.

The report discussed all financial implications; revenue and capital implications and future programme management.

Members considered that the best option was the deferral of selected projects to reduce the funding shortfall. The Head of Finance stated that this option is also fully reliant on the approval of Welsh Government match funding which should be confirmed in the coming months. If the additional funding does not get approved by Welsh Government, a further report would need to be brought to Cabinet with an alternative proposal.

The Leader stated that it needed to be made clear that deferral did not mean not doing the work but it was about re-positioning the spend to get a better outcome eventually

All projects going forward should be closely monitored against individual budgets and as per Contract Standing Orders at first indication of a significant potential overspend of either £25k or 10% of the contract value (whichever is lowest), the appropriate Head of Service and Head of Finance shall be notified.

It was important to note that deferral of the current schemes into future years would need to be fully costed with as reliable estimates as possible, and include all relevant costs including Furniture, Fixtures & Equipment and revenue estimates.

Decisions:

- I. To accept an additional scheme onto the current capital programme for the Council.
- II. To endorse the recommendations for future management of the education capital programme
- III. To adopt Option 1 – [i.e. to defer a number of schemes into future years or even into the next financing phase (Band B) in order to reduce the funding shortfall in the first instance, with the financing for the remaining shortfall following this] - for funding the education capital programme

13 Capital Programme Monitoring and Additions

The Head of Finance introduced a report informing Cabinet that In February 2014, the Council approved a four year Capital Programme to cover the financial years 2014/15 to 2017/18 totalling £80.551 million. This was the third year of the four-year programme, and over time changes had been made to the programme to revise the total budget to £116.138 million. The changes made to date were summarised in the report.

The Head of Finance reported that the changes to the capital programme identified in the report have increased the overall size of the remaining two year programme by £4,686,000. He stated that as 2017/18 will be the final year of the existing four-year programme, proposals in line with the Council 's strategic and corporate priorities will now need to be considered by directorates and bids for projects formulated and submitted for inclusion in the Capital Programme from 2018/19 onwards. It was proposed that the Council now move to a *rolling* four-year programme rather than a 'fixed' format, for consistency with financial planning for revenue budgets and to allow borrowing implications to be forecast into the medium term at all times. This is also generally accepted best practice amongst other Local Authorities.

The Education Capital Programme report discussed earlier in the meeting would impact on the position owing to the decisions made to address the current capital budget issues with the Education Capital Programme and those decisions being subject to approval of additional funding from Welsh Government.

It was requested that new schemes listed in the report be added to the capital programme. The report also showed the revised 2016/17 programme, including the proposed schemes.

The Cabinet also received an update on headline and high value schemes along with an update on capital receipts.

Decisions:

- I. To approve the additions to the Capital Programme requested in the report.
- II. To note the capital expenditure forecast position as at July 2016.

III. To note and approve the allocation of in-year capital receipts.

14 **Council Tax Premiums: Long-Term Empty Dwellings**

The Head of Finance reported to Cabinet that the Housing (Wales) Act 2014 empowers Councils to introduce discretionary Council tax premiums in respect of certain long-term empty dwellings. By a resolution of Council, billing authorities may dis-apply the statutory 50% discount on vacant dwellings that are not exempt and then impose a premium of up to a 100% of the standard rate of Council tax, thereby charging up to 200%.

The first time that the premiums may take effect is 1 April 2017. The discretion has been allowed with the intention of providing a tool to assist with bringing empty homes back into use; increasing the supply of affordable housing; and enhancing the sustainability of local communities. Councils will be able to retain additional funds raised from the premiums, and are encouraged by the Welsh Government to use it to help meet local housing needs.

Members were informed that the current Local Housing Market Assessment, updated in 2015, finds that each year Newport is likely to have a shortfall of around 900 affordable homes. While not all empty homes would necessarily be affordable for people in housing need it is important that, given the current pressures on housing, there is good use of the existing housing stock. The longer a home is empty, the more likely it is to suffer the deterioration that will become a real obstacle to its re-occupation. While there are surely no owners who want their property to remain empty indefinitely, it is far easier than most people envisage for an empty home to slip into long-term disuse.

The Welsh Government guidance on this matter recommends that Councils should engage and consult with stakeholders, including the local electorate, before taking a decision regarding the charging of premiums. It must also carry out equality impact assessments under the Equality Act 2010 and the Welsh Public Sector Equality Duties 2011.

Cabinet Members spoke in favour of the proposals and agreed that consultation should take place on the proposals for further consideration by cabinet before a final recommendation was made to Council later in the year.

Decisions:

To agree the general principles set out in this report - that Council tax premiums on long-term empty dwellings be implemented from 1 April 2017, for such dwellings that have been empty for a period of at least 2 years - be put to public and stakeholder consultation and the results, along with the appropriate equality impact assessments, reported back to Cabinet with a view to making a recommendation to Council.

15 **Work Programme**

The Corporate Assessment suggested to the Council that it should consider strengthening committee work programming arrangements to ensure they are timely, meaningful, informative, and transparent, balanced, monitored, and joined up.

In response to that suggestion, Cabinet had previously agreed that the Head of Democratic Services will regularly ask Chief Officers to update the Cabinet work programme and an update will be reported to Cabinet each month.

An updated work programme suggested by Chief Officers was discussed. This was, of course, a working document and will be subject to change.

Decision:

To adopt the suggested programme and provide an update at the next meeting

The meeting terminated at 13:15