

# Minutes



## Cabinet

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Date: 19 July 2017

Time: 4.00 pm

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

In Attendance: W Godfrey (Chief Executive), M Nicholson and B Owen (Strategic Directors), G Price (Monitoring Officer), R Cornwall (Head of People and Business Change), O James (Assistant Head of Finance).

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### 1 Minutes of the Last Meeting

The minutes of the meeting held on 14 June 2017 were confirmed as a true record.

### 2 Sale of Friars Walk

The Leader of the Council introduced the report, which set out the details of the sale of Friars Walk, and explained why the deal represented best value for the Council. It was highlighted that the details of the deal had been commercially sensitive and therefore confidential until the matter was concluded, so this full and comprehensive report was being released as a matter of public record at the earliest opportunity.

The Leader highlighted that, although this had been a very complex process, the ultimate outcome was precisely what the Council had set out to achieve – Friars Walk was built and the council received the money to clear the loan provided to Queensbury. The deal also provided for the council to receive further rental income, taking the final repayment to approximately £92million.

The Leader explained the investment subsidy facility of £7.5m, which the Council had agreed to help protect this overall level of income. It was clarified that it was highly unlikely that the facility would be used in full, but in the current economic environment some of the facility may be required to protect rental income in the short term.

The Leader concluded that Friars Walk had changed the face of the city, and was an excellent example of how a council can use its powers to proactively deliver investment. The decision to provide the loan was taken with full transparency and the opening of Friars Walk and the subsequent impact it had had on Newport demonstrated that it was the right decision to take. With the loan repaid the council could now turn its attention to other critical projects to continue the regeneration of the city.

Cabinet Members commented upon the success of the scheme, the difference it had made to the City, and the bold decisions taken by the Council to make it happen. Members also praised the clarity and thoroughness of the report, putting the information into the public domain in an open and accessible way.

Cabinet and the Chief Executive paid particular tribute to all the hard work that had gone into bringing the deal to fruition, and specifically the dedication and professionalism shown by the Head of Law and Regulation, and the Head of Finance, who had both played pivotal roles in brokering the discussions between the key players.

**Decision:**

To note and endorse the contents of the report regarding the terms and conditions of the sale of Friars Walk.

### 3 **Director of Social Services Annual Report**

Before the report was presented, the Leader announced that this would be the final Annual Report of the current Strategic Director – People, Mike Nicholson, as well as his last Cabinet meeting in post. Cabinet paid tribute to Mike’s contribution to the city during his time as Strategic Director, and previously in leading Children’s Services. Members praised Mike’s hard work, commitment and enthusiasm, in serving the Council and in leading the provision of services to some of the most vulnerable people in the city.

The Cabinet Member for Social Services introduced the report, highlighting the ongoing challenges faced by Social Services in meeting people’s needs and responding to new referrals within increasingly pressurised budgets.

The Strategic Director – People took Members through the detail within the report, which was a statutory requirement of the Director of Social Services role. The report provided the Director’s evaluation of 2016/17 progress in Social Services, identifying improving performance and ‘value for money’ at a time of austerity, as well as readiness for the requirements of the Social Services and Wellbeing Act. The report took a backward look through the ‘Telling the Story’ analysis, and a forward look through the SWOT analysis (strengths, weaknesses, opportunities, threats) included in the report.

The Director concluded that the evidence demonstrated the authority was well placed to continue to provide a comprehensive range of services that deliver improved wellbeing outcomes for citizens of Newport.

Finally, the Strategic Director thanked Members for their support, from across the political spectrum, during his time in post, commenting that it had been an immense privilege to have been part of Newport’s journey.

Cabinet Members spoke in favour of the report, highlighting the innovation, creativity and enthusiasm of staff in driving forward improvements in Social Services. Members also highlighted the ongoing budgetary pressures, and the need to keep pressure on national and Welsh governments regarding funding for this area. The Leader confirmed that this was something that she was already taking up in her new role as Leader of the WLGA, as the same issues were being faced by Councils across Wales.

**Decision:**

To receive the Annual Report of the Director of Social Services 2016/17.

### 4 **City of Democracy**

The Leader presented the report, asking that Cabinet consider the recommendations contained in the ResPublica report on promoting Newport as the City of Democracy. The Leader outlined that the 10 recommendations covered a wide range of activity – from city

branding to providing more effective ways of engaging our communities in decision making. The Leader highlighted that the “City of Democracy” concept had already attracted a great deal of interest across the city and beyond; and this represented an opportunity for Newport to develop a unique and authentic story to bring everyone together and promote a clear narrative to promote investment into the city.

The Leader reported that partners had already expressed a willingness to contribute towards costs associated with taking the recommendations forward, and the Council’s intention was to continue to look at ways to attract outside funding to do so. Alongside external funding, the Council also already has an existing marketing budget which could also be used to implement the recommendations. The Leader therefore proposed to remove the recommendation in the report to allocate a further £100,000 to the project.

Cabinet Members spoke in favour of the proposal to remove the additional funding, but to continue with the other recommendations with support from existing and external funding sources. Cabinet Members commented upon the importance of celebrating the heritage of the city, while also committing to promote and strengthen local democracy and public engagement in the present day. Members also commented upon the opportunities presented by the proposals in terms of tourism and economic development, by presenting a clear vision for the city’s branding.

**Decision:**

1. To adopt the headline “City of Democracy” for city branding for use in council publications and media.
2. To support the establishment of a festival of democracy to be held in Newport.
3. To explore further ideas for engagement communities in critical decision making across the city.

**5 Newport Economic Network**

The Leader presented the report, proposing to establish the Newport Economic Network on a formal basis. The Network was established in 2014 as an informal advisory group on economic growth and a sounding board for partners across the city. The Network had played a vital role in trying to develop the city’s ‘story’, which led to the City of Democracy concept.

The report proposed putting a formal structure in place, including an independent chair. It was highlighted that over the coming years, Newport would need a strong voice as a number of important regional developments came to fruition, including the comprehensive investment promised by the Cardiff Capital Region City Deal; the Great Western Cities Partnership, which is seeking to maximise investment across Newport, Cardiff and Bristol; and the challenges posed by Brexit. Formalising the Network would ensure strong support in pushing Newport to the forefront as these key projects progress.

Speaking as the portfolio holder, the Cabinet Member for Regeneration and Housing was fully supportive of the proposal, and highlighted the great opportunity this presented for stakeholders to engage and work together with us.

**Decision:**

1. To agree to formalise the Newport Economic Network as set out in this report.
2. To agree the continued participation of Newport City Council in the network.
3. To ask the Chief Executive, in consultation with the Leader, to make arrangements to invite appropriate stakeholder representatives to serve on the network.
4. To agree for council officers to continue to provide appropriate support to the network.

## 6 **Wales Audit Office Action Plan**

The Leader presented the latest update on progress against the Wales Audit Office Action Plan, following the recommendations put to us by WAO through the Corporate Assessment. The Leader noted the excellent progress made in addressing the recommendations, particularly highlighting the steps made in meeting recommendation 2 – although there were still 11 actions outstanding against this recommendation, these were expected to be signed off shortly as a result of the new scrutiny structure and processes now in place. These changes had been designed to address the WAO's concerns, and actions would be signed off once the new structure had had time to embed. This work would also be supported by the new portfolio lead for Member Development in the Cabinet, taken up by the Deputy Leader, which was intended to prioritise and push forward training and support for Members.

The Head of People and Business Change supported the Leader's comments, also highlighting the progress made against the recommendations on workforce planning, with the introduction of the new 'Clear Review' appraisal system.

### **Decision:**

1. To note the progress made towards meeting the recommendations and proposals for improvement and query any areas where progress has been delayed.
2. To receive further quarterly monitoring reports on the progress towards meeting recommendations and proposals for improvement.

## 7 **Budget Consultation and Engagement Process**

The Leader presented the report setting out the proposed engagement process for this year's budget.

The Leader highlighted the significant progress made in recent years on consultation and engagement, involving more people in financial and service planning decisions, and placing a stronger focus on engagement with harder to reach groups. The new statutory requirements of the Wellbeing of Future Generations Act 2015 reinforced the need to involve a diversity of the population in decisions that affect them, so an effective approach to engagement would ensure the Council's decision making processes were not only legally compliant but also reflected the views and needs of our communities and build on their assets as the Council looked to develop sustainable services in an increasingly challenging financial situation.

It was reported that, over the last three budget cycles the Council received more than 5,600 responses from the public with over 2,600 in the last financial year. But the Leader commented that meaningful engagement was not just about the number of responses, and it was pleasing to note that in their response to the 2017/18 budget the Fairness Commission noted steps forward in Council processes in the wake of austerity measures.

The Leader reiterated the Council's commitment to respond to the challenges of the Act, and the intention to work collaboratively with the public and other stakeholders and where possible giving them more control over decisions. The Leader highlighted examples of services which are now run by stakeholders independently, and also the role for scrutiny in identifying more opportunities to empower communities to help sustain services in the face of continuing financial pressures. The Leader concluded by highlighting that good public engagement was intrinsic to good service delivery, planning and ultimately improving wellbeing, and therefore service areas must take responsibility for engaging with service users when developing proposals for the 2018/19 budget.

Cabinet Members spoke in support of effective engagement with communities, and the commitment to continually review and improve our approach to public engagement.

**Decision:**

To note and endorse the proposed approach and principles of engagement, including monitoring by Scrutiny.

## 8 **Medium Term Financial Plan**

The Leader presented the report on the Medium Term Financial Strategy, based on the current financial outlook.

The Chief Executive highlighted the figures relating to Welsh Government budgets and changes in funding levels in the report (Table 1 and Chart 1), and how this impacted upon the local authority's budgetary pressures. The Leader reiterated comments made earlier in the meeting, regarding the need to maintain pressure on national governments to improve the funding position of local authorities, and her commitment to drive this forward on behalf of this Council working with colleagues from the WLGA.

In response to a question on the impact of cabinet financing costs on the revenue budget (Table 4 in the report), the Assistant Head of Finance confirmed that the percentages shown would not be impacted significantly by the Friars Walk deal. The drop shown in the 2019/20 figure was due to the timing of particular repayments and refinancing of borrowing costs. It was confirmed that the authority continually reviewed borrowing and financing to ensure the best deal possible was in place.

**Decision:**

1. To approve the current key planning parameters in setting out the current budget gap for 2018/19 and the medium term, noting that this work is subject to refinement.
2. To note and approve the current working strategies officers are working under to provide budget solutions to the current financial challenge.
3. In particular, to approve the working strategy in relation to schools funding in the next financial year which funds school inflation, demographics and school reorganisation pressures whilst noting that this could be reviewed in light of the draft settlement when known;
4. To agree the approach to the one off funding that was allocated to schools from 2016/17 unused contingency budget. This was one off funding which is to be reviewed as part of the 2018/19 budget process;
5. To note the Head of Finance's comments and observations on the current risks facing the budget, how they are being managed and financial resilience issues;
6. To note the current level of reserves, projected use and their utilisation in the context of the medium term.

## 9 **Revenue Budget Monitor**

The Leader presented the report, which provided an early indication of the revenue financial forecast position and the issues affecting financial management during 2017/18. The report projected a small overspend, but this was in the context of some significant pressures. The issues highlighted in the report had already been discussed in detail at the previous Cabinet meeting, under the 16/17 outturn report. The Leader reiterated that the administration of the Council remained committed to strong financial management, and promoting the message that everybody, at all levels of the organisation, was responsible for good budgetary control. This message would continue to be cascaded through the organisation in the preparations

for the 2018/19, including a meeting that had already been set up with Head Teachers to discuss the position and approach within schools.

The Assistant head of Finance took Members through some of the technical details in the report before the decisions were taken.

**Decision:**

1. To note the overall budget forecast position and the key assumptions and issues which underpin and impact on the Council's financial forecast position.
2. To agree to instruct all areas of the Council to maintain robust financial management and bring forward planned underspending wherever possible to mitigate against the current position.
3. To note the level of undelivered savings within each directorate and the risks associated with this.
4. To note the forecast movements in reserves.
5. To agree to allocate £100k of the revenue contingency budget to a new, specific reserve, for 2018 events.
6. To note the projected balances of individual schools over the next two years and that a specific budget seminar for schools will be organised for schools in September to discuss and agree a way forward to the current position.

**10 21st Century Schools**

The Cabinet Member for Education and Skills presented the report to approve the basis for the Council's submission to Band B of the Welsh Government's 21<sup>st</sup> Century Schools Programme.

Band B of the programme was due to begin in April 2019 and last until March 2024. The Cabinet Member highlighted the projects which had been completed through Band A of the programme, and the approach that had been taken to putting together and prioritising the Band B submission. It was highlighted that the list had to be prioritised, as the system worked on match funding – this was an ambitious bid based on what the local authority could afford. Decisions on which schools to include had not been taken lightly, and were the result of extensive analysis of the condition and needs of buildings across the school estate.

**Decision:**

To approve the preferred option as the basis for submitting Newport's Strategic Outline Programme for 21<sup>st</sup> Century Band B.

**11 Cabinet Work Programme**

The Leader presented the updated Cabinet Work Programme.

**Decision:**

To agree the proposed programme.