

# Minutes



## Cabinet

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Date: 17 July 2019

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

Apologies: None

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### 1 **Declarations of Interest**

None

### 2 **Minutes of the Previous Meeting:**

The minutes of the meeting held on 19 June 2019 were confirmed as a true record.

### 3 **Revenue Budget Monitor**

The Leader presented the report and explained this is the first revenue budget monitor for this current financial year. The report offered a broad estimate at this early stage of the year of (i) the areas/issues needed to focus on, and (ii) an indication of the scale of the issues. As more data and information is received through the year – officers will update forecasts resulting in greater confidence in the actual numbers.

The report confirmed that the broad pattern witnessed last year is set to continue.

There are continued increasing costs in children's and adults social care which are mitigated by non-service savings. The Council invested c£5M in these services this year and yet, demand continues to increase, at an exponential rate. The report explained in detail the current picture with children's placements, fostering adults' community care budgets. The numbers are concerning, for example, the rise in children's placements between January and March this year and the forecast for the remainder of the year as outlined. The Council continues to support its most vulnerable residents and this is a rapidly growing service.

Finance colleagues are predicting a small overall underspend of about £600k (about 0.2% of the budget) and the challenges are confined, again, to a very small number of areas, though the risks are high. The vast majority of the Council's activity areas are close to budget at this point.

The monitor points to a very challenging picture regarding schools' budgets. Finance officers are working closely with schools to see what action can be brought to bear on their current budgets and forecasts. The work is on-going and the Leader and Cabinet Member for Education and Skills are being briefed specifically on this issue. It is expected this will continue to challenge throughout this year.

Overall the report shows a good position at this early stage but Cabinet Members and Senior Managers need to continue to focus hard in this area.

The Leader thanked the Cabinet Members for the work done in their portfolios and the Head of Finance and his team of accountants for careful prudent financial management.

**Decision:**

Cabinet agreed the report.

**4 Capital Budget Monitor**

The Leader presented the report and confirmed 2018/19 was the first year of an extensive and challenging 5-year Capital Programme which currently stands at over £170m. The report updated Cabinet on the final outturn position for 2018/19 and the resulting slippage. It also requested additions to the overall capital programme and highlighted the capital receipts' position and the remaining available headroom to fund future capital projects within the life of the programme, as currently afforded within the Council's medium term budget projections.

The Leader drew attention to the additions and changes to the programme since the last report to Cabinet.

Appendix C summarised the changes to the programme which includes further slippage from 2018/19 into 2019/20 and 2020/21 of £4.2m and £0.5m respectively. This takes the total slippage agreed during the year to £14.7m. The Leader confirmed that officers will now undertake a thorough review of the programme to ensure that budgets are appropriately profiled and this will be updated in the next monitoring and additions' report to Cabinet.

In terms of additions, there has been a significant increase in the programme of over £14.7m worth of capital expenditure being added to the overall 5-year programme. The detail of this is included in the report, and shows the continued investment that is taking place within Newport. Some of the headline additions include but are not limited to:

- Welsh Government grants for schools including additional schools' maintenance grant of £1.8m and £580k grant for reducing class sizes at St Woolos Primary School;
- Funding, including loan funding for developments at Mill Street Sorting Office, Newport Market and Chartist Tower;
- A number of grants received from the Local Transport Fund and Active Travel including developing safe routes, sustainable transport, bus stop enhancement and the development of the Devon Place Footbridge Scheme.

The majority of additions have been funded through grants, reserves from the in-year revenue underspend or from loan funding, and therefore do not have an impact on the overall capital headroom available for future projects, which currently stands at £18.8m.

The Leader further reported on the overall outturn for 2018/19. The overall variance against budget in 2018/19 was £5.5m and as previously mentioned, £4.7m of this has slipped into future years, leaving an overall underspend at year end of £799k on projects that have been completed. The detail of this is shown in Appendix A of the report.

Finally, the capital receipts position shows the Council received £2.3m of receipts during the year, and utilised £3.1m, it has also committed to utilising c£4m of receipts in the current capital programme, leaving uncommitted capital receipts balance of £2.4m. There is a further £1.2m of uncommitted capital receipts relating to the Newport Unlimited Joint Venture, which are attributable to the joint arrangement between the City Council and Welsh Government.

Cabinet Members welcomed the report and agreed with prudential borrowing when necessary and in accordance with the advice from the Council's Section 151 Officer and the Council's Monitoring Officer.

**Decision:**

- 1) Cabinet agreed to approve the changes to the Capital Programme and note the outturn position as set out in the report, including the use of capital receipts.
- 2) Agreed to prioritise capital expenditure to maintain spend within the current affordability envelope.

## 5 **Commercial Property Fund Investment Guidelines**

The Leader presented the report and reminded the meeting that Cabinet agreed in March to establish an Investment Fund which would focus on generating a long term and sustainable income to the Council to help meet its on-going financial challenges. In April, full Council agreed the approach to the Council's Investment Strategy and the borrowing headroom required to make the Funds available. The investment income would need to cover all costs, which would include principally, the cost of borrowing to make up the Fund.

The report confirmed an Investment Board has been agreed in order to consider and make investment options, this is a sub-group of Cabinet, and before that Board can commence work the Guidelines the Board would work within need to be agreed. This really is an important issue as there are inherent risks with this approach and the Guidelines are a key governance document in this respect.

The Guidelines formed the Appendix to the report and the Leader asked colleagues to comment on this as a basis for the Investment Board. The Leader confirmed the document picks up on a number of areas which the Board should be mindful of when reviewing options and the report makes the point that this is applicable for investment that comes from the Fund, and no other types of investment, which broadly fall under service investments i.e. spending on assets which are needed to achieve service objectives e.g. new schools and treasury investments i.e. the short term management of the Council's cash resources.

**Decision:**

Cabinet agreed to approve the Commercial Property Investment Guidelines appended to the report when reviewing and recommending property investment opportunities. Cabinet noted the Guidelines had been drafted after researching those used by other Councils undertaking this activity.

## 6 **Brexit Update**

The Leader presented the report, the purpose of which was to provide an update to Cabinet on the Brexit preparations that have been undertaken to date.

The Leader recapped on the issues following the referendum in 2016:

- Following the results of the referendum in 2016, the UK Government officially notified the EU that it was leaving and triggered Article 50. An initial deadline date of 29<sup>th</sup> March 2019 was set for the UK to leave the EU.
- In preparation of that date, all public sector bodies made preparations based upon whether there would be a transition period or a 'No Deal' scenario.

- As a result of the UK Parliament being unable to pass through the Withdrawal Agreement the deadline had been delayed until 31<sup>st</sup> October 2019.
- As a Dock City, Newport has a long history and important links with the EU. Newport Docks sees many ships from the EU exporting and importing goods whilst many businesses in and around Newport are EU based (such as Airbus) or have significant trading links with EU countries.
- Newport also has over 3,000 people from the EU who have settled in Newport, living, working and socialising in Newport and South Wales.

The Leader confirmed the Council had to date:

- In preparation of the initial deadline (29<sup>th</sup> March 2019), Newport City Council established a Task & Finish Group consisting of representatives from each service area and led by the Strategic Director for Place.
- Using the Welsh Local Government Association Toolkit the Task & Finish Group undertook a review of its activities, focusing on the following areas:
  - *Your organisation* (Priorities / People / Finance)
  - *Supplies and Services* (Services, suppliers and supply chain / core operations / legislation and regulation)
  - *Your Place* (Local Community)
- Through that work the following areas were identified and measures put in place to monitor and report ongoing activities:
  - Raised awareness to Council Members in March 2019 on the work that the Council has been undertaking and raising awareness of Brexit risks and issues to Newport.
  - A Brexit Risk is recorded in the Council's Corporate Risk Register that is monitored every 3 months.
  - Undertaken a workforce analysis where there are under 100 members of staff directly employed by Newport City Council from the EU. To support these members of staff they have been provided with advice, guidance and directed staff to the Welsh Government and Home Office websites.
  - Newport City Council receives approximately £500k from the EU to support activities such as Inspire to Achieve. Guarantees have been promised by the Welsh Government to continue to support these programmes during this period of time.
  - The Council has been collaborating with the Welsh Government, Welsh Local Government Association, Gwent Local Resilience Forum, Health Bodies and close partners that provide services on the Council's behalf to ensure arrangements are in place to continue 'business as usual' activities before and after Brexit.
  - Received funding from Welsh Government to employ two Community Cohesion Officers in Newport and Monmouthshire. These officers are engaging with local community groups providing advice and guidance.
  - Set up a page on the Newport City Council Website providing guidance to residents and businesses with links to the Welsh Government and Home Office pages.
- Newport City Council is continuing to monitor the situation closely and is receiving regular updates from the Welsh Government, Welsh Local Government Association, Health Service and the Council's partner organisations.

The Leader thanked officers for managing the extra work this issue has generated.

**Decision:**

Cabinet agreed the report.

## 7 Welsh Language Annual Report

The Leader introduced the report and welcomed the Champion for the Welsh Language, Cllr Jason Hughes.

The report confirmed the introduction of Welsh Language Standards in 2016 had challenged Newport City Council to deliver entirely bilingual public services. The annual report reflects the positive distance that the Council has travelled to reach this objective.

It is clear that staff understand and respect the obligations that the public sector have with regard to the Welsh Language. The cultural shift that has taken place within the Authority over the past few years is undeniable and has helped ensure that consideration of the Welsh Language is given at the earliest opportunity, resulting in services that work just as well in Welsh as they do in English.

Indeed, the Leader confirmed that as the City continues to evolve, it is clear that Welsh will be an important part of that evolution, and she was pleased to say the report suggests that the Council's services are matching the pace of change.

The Cabinet Member for Equalities and Assets commented further on the report and confirmed the annual report has been prepared in accordance with Welsh Language Standards 158, 164 and 170.

The report suggests that the Authority is broadly compliant with the Welsh Language Standards it is subject to. However there do remain issues with a number of 'legacy systems' that were procured before 2016 and do not have bilingual functionality.

The Cabinet Member highlighted low levels of staff engagement with Welsh Language courses and Welsh Language awareness courses and confirmed this will be improved upon in the 2019/2020 financial year.

The report also identified a number of other actions which will help the Council keep pace in 2019/20, namely:

- Work on developing and promoting the update to the Fairness and Equality Impact Assessment (FEIA) process;
- Greater promotion of the Council's Welsh Language Services;
- Enhanced partnership working across Welsh Language Forum Members in line with the Welsh Language Strategy;
- Develop the intranet to include Welsh Language Guidance around compliance with the Welsh Language Standards.

The Cabinet Member was pleased at the development of Welsh within the Authority over the past few years. The report confirmed that progress, whilst highlighting some of the areas where there is a need to continue to improve, also highlighted the work that has been done to date in line with the Welsh Language Strategic Plan.

The Authority's 'Benefits of Bilingualism' Campaign, which was agreed in the Strategy, and some of the timely work that is happening in promoting Welsh to under-represented communities, is a good example of the innovative work the Council is capable of achieving.

The report suggested that if the pace on the momentum for change continues, the Council will not only deliver quality services to the people of Newport in either language, but will also ensure it plays an active role in helping meet the Welsh Government's target of a million Welsh speakers by 2050.

### **Decision:**

Cabinet approved the report and agreed for officers to publish the final Monitoring Report on the Council's Website.

## 8 Performance Update - Early Year End PI Analysis

The Leader presented the report and confirmed that:

- In 2017 the Council's 5 year Corporate Plan was successfully launched which set out the vision and goals for delivering Council services and delivering the Well-being objectives for the citizens of Newport.
- To support the delivery of objectives over the next 5 years, each of the service areas that Cabinet Members are responsible for have developed their own service plan.
- The purpose of the End of Year Review Report is to provide an overview on the delivery of service plans and performance measures for 2018/19.
- The report includes the feedback and recommendations of People and Place Scrutiny Committees following the presentation of the service plans in June.

The Leader commented in detail on the following:

- As this was the first year of delivering against the service plan objectives, the expectation was that not all of the service areas reported that they have successfully delivered a significant proportion of their service plan. But what the report has highlighted is the notable developments in the delivery of the Corporate Plan which has seen the Council taking courageous decisions against the backdrop of ongoing financial and service pressures.
- As outlined in the paper, each service area has reported good progress towards the delivery of their objectives with:
  - 36% (91 / 256) of actions completed by the service areas;
  - 59% (152 / 256) of actions 'In Progress' and will be carried forward into 2019/20 plans;
  - 2% (5 / 256 actions) no longer being delivered for operational reasons;
  - 3% of actions (8 out of 245 actions) are 'awaiting to be commenced' in 2019/20.
- The full detail of these developments is included in the report, some highlights of the progress made are:
  - The purchase of new homes (Rose Cottage) to bring back children in Out of County Placements to Newport and improve their care and support;
  - Completion of the Civil Parking Enforcement that are now bringing changes to habits in parking within the city centre;
  - Implementation of new bins that will improve the Council's recycling rates and reduce the waste taken to landfill. (The Cabinet Member thanked the citizens of Newport for their support with this).
  - The **regeneration of Newport City Centre** is continuing at a good pace with sites such as Chartist Tower, Newport Market and Market Arcade. This is also supported by the development of the new Convention Centre and approval of Heritage Lottery Funding for the Transporter Bridge.
  - The ongoing delivery of the **new Hub in Ringland** will see changes in how the Council delivers its services and the partner organisations to the communities of Newport this year and beyond.

## Performance Measures

- The report also highlighted the end of year performance measures that support the delivery of the Corporate Plan.
- The Leader noted it is encouraging to see at the end of the year, 50 of the 86 (58%) corporate performance measures reported had either achieved or exceeded their target for the year.
- However, 36 performance measures had reported as being short of meeting their target (19 measures in total) or as being 'off target' from their target figures.
  - The Report includes a summary from the service areas explaining the reason(s) for the performance and actions being taken to improve performance for Amber and Red performance measures, and this has also been the subject of discussion at Scrutiny.
- The Council's Cabinet and individual Cabinet Members must collectively acknowledge where service areas have achieved or exceeded their goals and the hard work that has been undertaken.
- Likewise, there must be recognition of the need to ensure that where service areas are not meeting targets set that these are closely monitored, support and challenge the services to ensure that the necessary action(s) are being taken to improve performance.

### **Scrutiny Committee Feedback and Recommendations**

- The end of year performance updates had been presented to the Place, Corporate and People Scrutiny Committees in June 2019 and the feedback and recommendations detailed in the report for Cabinet to consider. The Leader noted that:
  - People Scrutiny Committee recognised the hard work staff and supporting services were making in Social Services in light of the difficult and increasing demand and financial pressures faced;
  - Comments from the Place & Corporate Scrutiny Committee were sent onto the Partnerships' Scrutiny Committee in relation to the Economic Growth Strategy;
  - The commendation for City Services on reaching Welsh Government targets for recycling and further information required on the delivery of the Waste Strategy Action Plan.

### **In conclusion the Leader confirmed:**

- A further report will be presented to Cabinet in October 2019 where Cabinet will be presented with the all-Wales picture of the Council's performance in comparison with other Welsh local authorities.
- Cabinet must continue to support and challenge each service area in the Cabinet Member's portfolios and that where good progress is being made that work is recognised.
- Equally, Cabinet must take responsibility and ensure that where improvements are needed that the service areas take the necessary action and provide the necessary assurance for Cabinet and the Administration and the constituents of Newport.

### **Decision:**

Cabinet noted the content of the report and agreed to take action in conjunction with the Directors and Heads of Service to address areas of poor performance.

## **9 Cabinet Work Programme**

The Leader presented the Cabinet Work Programme.

### **Decision:**

Cabinet agreed the updated programme.

10 **PSB Summary Document (for information/awareness)**

The Leader confirmed this report is for information/awareness purposes.

11 **Exclusion of the Press and Public**

To consider whether to exclude the press and public during consideration of the following item on the grounds that its consideration involved the likely disclosure of exempt information as defined in the Local Government Act 1972 and the exemption outweighs the public interest in disclosure.

12 **Presentation - City Centre Investment**

Officers provided Cabinet with a presentation which explored a potential investment opportunity in the city centre focused on Kingsway Car Park.

Officers confirmed the Council owns the freehold of the car park, and there is a long lease in place to Kingsway Investments Newport Limited (KIN), with currently a ground rent paid to the Council.

KIN recently approached the Council as they were considering sub-leasing it to a car park operator in order to re-finance their borrowing, however the Council's express consent is required in order for KIN to proceed with that course of action. During the ongoing dialogue, KIN also queried whether the Council would be an interested party in investing in the asset.

Taking on the lease would be in line with the Council's Commercialisation Strategy. In order to take the project forward Cabinet was asked to consider whether or not the Council should take a lease on Kingsway Car Park, on the terms outlined, and to take on its operation.

**Decision**

Cabinet unanimously approved the proposal to take on the lease term for 35 years at a rent of £215K pa index linked.

13 **Date of Next Meeting**

The next meeting will take place on Wednesday 18 September 2019, at 4.00 pm in Committee Room 1, at the Civic Centre, Newport

The meeting terminated at Time Not Specified