

Minutes



Cabinet

Date: 15 January 2020

Time: 4.00 pm

Present: Councillors Jane Mudd (Chair); D Davies, D Harvey, R Jeavons; D Mayer, G Giles, M Rahman, R Truman

In Attendance: Ms Sheila Davies (Chief Executive); Mr Keir Duffin (Head of Regeneration, Investment and Housing); Ms Beverly Owen (Strategic Director (Place)); Mr Gareth Price (Head of Law & Regulation) and Mr Meirion Rushworth (Head of Finance)

1 Apologies for Absence

Councillor Paul Cockeram.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes of the Last Meeting

The minutes of the meeting held on 20 December 2019 were confirmed as a true record.

4 Revenue Budget Monitor

The Leader presented the report that showed the forecast position as at the end of November 2019.

The Leader confirmed the position had improved since the previous report (when it was reported the Council faced an overspend of circa £700k); this latest report confirmed a finely balanced position.

The improvement is due to a number of factors, including the recent announcement of new specific grants which will cover some of the core overspending as well as the targeted spending freeze previously agreed by Cabinet.

Risks remain, as the position includes the use of all the revenue budget contingency to balance the overall budget; significant service area overspending continues which is mitigated from non-service underspending; schools' overspending still remains at a high level.

The general pattern of the areas of overspending and underspending has not changed and the report confirmed overspending in a very small number of the Council's activities. However, the overspends are significant and are primarily caused by growing demand in social care services, a situation that is not unique to Newport.

The Council is currently consulting on its draft 2020/21 budget which includes proposals to invest significantly in the areas which continue to experience on-going demand challenges. This should alleviate the current overspending issues but only if demand stabilises which is not guaranteed.

The Leader thanked staff across the Council for the work carried out to manage budgets in sometimes difficult circumstances and asked that every effort is made to continue to manage the finances robustly as the year-end approaches.

Cabinet was asked to:

- Note the overall budget forecast position including use of all the general budget contingency in addition to significant underspending in non-service budgets to mitigate, in part, the forecast overspends within service areas;
- Agree that Corporate Directors and the Chief Executive continue to work with Heads of Service to bring about targeted reductions in service area spending. These are forecast to show progress and monitor delivery and agreed with individual Cabinet Members in their regular briefings;
- Note the level of undelivered savings within each directorate and the risks associated with this;
- Note the forecast movements in reserves;
- Note the projected balances of individual schools over the next year and that work is on-going in respect of reducing school overspending in the secondary sector.

Decision:

Cabinet agreed that the Strategic Leadership Team should continue to impose a targeted reduction in spend across service areas and continue careful review and management of key budgets and risks.

5 Capital Programme Monitoring and Additions - November 2019

The Leader presented the report that provided the regular capital additions and monitoring information.

The report included:

- projects that Cabinet are asked to approve onto the programme;
- an update to the capital headroom;
- capital costs incurred to date;
- projections of spend to the end of the year, and;
- the current position on capital receipts.

The Leader reported new additions to the programme. These included six projects costing nearly £2m which are detailed in the report. The report confirmed these projects are funded from external grant or from revenue budget savings in the service areas concerned which will be vired to fund the associated borrowing costs; therefore, there is no impact on the current capital headroom. In particular, the Leader drew attention to the Market Arcade refurbishment project which officers are working very hard to progress and which she was pleased to report will be another good step forward in the development of the city centre.

The Leader confirmed that progress in the delivery of the programme and spend is progressing on the current year's projects; however, the difference between the budgets for this year at £39m and current spend of £15m is still very significant. The Leader stated that historically there is higher spending in the last two quarters of the financial year but having

already reviewed and re-phased this year's capital programme budgets, further work may well be required.

Notwithstanding this, the Leader was pleased to report good progress is being made on some really valuable and exciting projects for the city, such as:

- Progressing planning and design work for the Band B school building projects. This represents the beginning of a major £70m investment in schools over the next five years;
- The east Newport neighbourhood hub which is now operating very well;
- The Market Arcade project is a challenging project but steady progress is being made;
- 123-129 Commercial Street project is nearing completion and makes a really positive visual impact in that part of the city centre; the accommodation is also of a very high standard;
- Planning work for the Transporter Bridge is nearing completion;
- Good progress is being made on the new children's residential homes which will make a really positive improvement to the Council's looked after children.

The Leader confirmed the demand for capital resources outstrips the availability of funding and is currently affordable, but there is still a very significant medium term programme which represents nearly £200m of investments in the city over the next five years.

The report confirmed that capital receipts are included in the capital headroom.

Councillor Jeavons was pleased to report the work carried out in Park Square Car Park on the LED energy efficiency works had led to less incidents of anti-social behaviour.

Councillor Giles commended the work being taken forward on the 21st Century Schools Band B initiative.

Councillor Harvey commended officers for the work done in bringing the Newport East Hub to fruition and also the work carried out in connection with the Transporter Bridge.

The Leader and Councillor Truman applauded the South Wales Argus for their 'Backing Newport Campaign'. The Leader was delighted that the South Wales Argus had taken the decision to relocate its business to the City Centre.

The report proposed that Cabinet:

- Approve the additions to the Capital Programme requested in the report (Appendix A);
- Approve slippage of £211k;
- Note the available remaining capital resources ('headroom') until 2022/23;
- Note the capital expenditure forecast position as at November 2019;
- Note the balance of and approve the allocation of in-year capital receipts.

Decision:

Cabinet;

- i) Approved the changes to the Capital Programme and noted the monitoring position as set out in the report, including the use of capital receipts;

- ii) Agreed to prioritise capital expenditure to maintain spend within the current affordability envelope.

6 Mid-Year Performance Analysis 2019/20

The Leader presented the report, the purpose of which was to provide an overview on the progress of delivery against the service plans and performance measures for the first six months of this financial year (2019/20).

The report included the feedback and recommendations of the People Scrutiny Committee and Place & Corporate Scrutiny Committee following the presentation of the service plans in November 2019.

The report confirmed:

- In 2017 Newport Council launched its five year Corporate Plan which set out its vision and goals for delivering Council services and delivering its Well-being objectives for the citizens of Newport.
- To ensure these objectives were achieved, each service area in the Council developed supporting individual service plans which Cabinet Members for each service area approved.

The report detailed that:

- The first six months of this financial year showed that 97% of the actions in service plans were 'in progress' with 11% of actions completed. (*The report provides full detail of progress*):
 - 43 out of 74 reported performance measures were 'on target' in achieving delivery against their annual target;
 - 8 out of 74 performance measures were 'short of target' in achieving delivery of their annual target;
 - 15 out of 74 reported performance measures were 'off target' in the delivery against their annual target.

The performance had been reviewed in detail by Scrutiny Committees and senior managers continue to monitor outcomes closely through the second part of the year.

- The report also highlighted notable developments in the delivery of the Corporate Plan which had seen the Council taking bold decisions against the backdrop of ongoing financial pressures. Whilst the full detail of the developments are included in the report, the Leader highlighted some of the progress made to date:
 - The Council has seen success in the delivery of Rose Cottage and encouragement in the development of children at the setting following them being brought back into the City; the children are thriving in this setting. The Council is now in the process of purchasing a second property which will provide further opportunities to bring back out of county placements to the City;
 - Collaborative working between Newport, Caerphilly and Monmouthshire in the delivery of the Telecare service is now fully operational;
 - Civil Parking Enforcement has been a success following its implementation last summer which has transformed the environment of the city and a reduction in illegal parking has been seen throughout the city;
 - The success of the Council's new Waste Strategy and implementation of smaller wheelie bins has seen an increase in the Council's recycling rate and supporting the Welsh Government's target of reducing waste taken to landfill;

- There has been significant developments in the regeneration of the City Centre with the redevelopment of Chartist Tower, Market Arcade and the Transporter Bridge;
- The launch of the Ringland Hub and the new Hub model across the city is bringing Council services together enabling residents to access the services they need more easily;
- The Council also saw its first intake of graduate trainees in September 2019 and the Council continues to provide apprenticeship opportunities, training and development of new and existing staff.

With regard to National Performance Measures it was reported that:

- At the Mid-year point for 2019/20, 16 out of 27 (63.5%) of the national performance measures were reported as being 'on target'.
- 4 out of 27 national measures were reported as being amber 'short of target' with 7 measures indicated as being red - 'off target'.

The report documented the Scrutiny Committee Feedback and Recommendations being:

- Mid-year performance updates were presented to the Council's Place and Corporate Scrutiny Committee and the Council's People Scrutiny Committee in November 2019. A summary of the recommendations raised to Cabinet for consideration are included in the report;
- As the Leader of this Cabinet we accept the feedback received from our colleagues at both Scrutiny Committees and encourage both Cabinet Members, Senior Officers and officers across the Council to consider these in the delivery of services and future reports presented.

The Leader summed up the report by confirming that:

- Cabinet Members are all responsible for the oversight and delivery of the service plans and where good progress is being made that recognition is given to the work being undertaken by the service areas and their staff;
- Equally, Cabinet Members take responsibility and ensure that where underperformance is reported that the necessary action(s) is/are taken by the service areas to improve performance and deliver the services required by the Council's constituents in the delivery of the Corporate Plan.

Councillor Jeavons asked to put on record his thanks to all the residents of Newport for embracing the major change to the smaller wheelie bins and thereby increasing recycling targets.

The Leader confirmed that whilst there is much work still to be done the Administration is totally committed to the people of Newport in fulfilling the commitments made in the Corporate Plan.

Cabinet was asked to consider the following proposals:

1. Note the contents of the report;
2. Receive a further update on the year-end position once the data is available;
3. Take urgent action in conjunction with the Directors and Heads of Service to address areas of poor performance.

Decision:

Cabinet agreed the proposals.

7 Information Station

The Leader presented the report and confirmed the project consists of three key elements:

1. Relocation of the Information Station to the Library and Museum building;
2. Sub-Leasing the current Information Station to a Tech Hub Provider in order to deliver Newport City Council's corporate aspiration to become a Digital City;
3. Better delivery and use of Council owned buildings with refurbishment of the Museum and Library to incorporate improved and co-located services.

The report confirmed the project draws in external funders such as Welsh Government and the private sector with a total funding package of £1.75 million. The project will also provide MTRP savings for the Council.

The project will also create a further step to providing a vibrant city centre and help to deliver "Newport Digital Avenue".

The proposals put before Cabinet were:

- Proceed with seeking opportunities to commercialise the Information Station building;
- Authorise officers to proceed with relevant processes to seek new occupiers for the Information Station and external finance required to deliver the project;
- Subject to the successful acceptance of the external TRI funding, satisfactory commercial rent in line with the base financial appraisal for this project, relocation of existing staff and services from the Information Station to the Central Museum/Library and secure new occupiers for the Information Station;
- Agree the use of Invest to Save reserves to support this project subject to meeting a minimum payback period;
- Approve the £350k Council capital cost funding required into the capital programme.

Cabinet agreed the Central Museum/Library was much better suited for a one stop shop facility with its closer links to the bus station. The new location would help to attract more footfall to the city centre.

Decision:

Cabinet agreed to:

- i) proceed with opportunities to commercialise the Information Station building, on the basis that officers can secure new occupiers and external finance required to deliver the project;
- ii) relocate existing staff and services from the Information Station to the Central Museum and Library.

8 Public Services Board (PSB) Summary of Business

This item was for information purposes only. The Leader confirmed she was pleased to have been elected as the Chair of the One Newport PSB.

The Chief Executive made reference to the PSB meeting held recently where partners were very complimentary about the style in which the meeting was conducted due to the new Chair's approach.

9 **Work Programme**

The Leader presented the Cabinet Work Programme.

Decision:

Cabinet agreed the updated programme.

10 **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.

11 **Presentation - City Centre Regeneration**

Officers provided Cabinet with a presentation which explored a potential regeneration opportunity in the city centre focused on the Cambrian Centre, Phase 2.

Officers confirmed the following:

- 2013 - a 250 year lease was granted to Scarborough Development Group (SDG) by Newport City Council;
- 2014 – SDG completed Cambrian Centre Phase 1: Admiral House – the sole Grade A office in the City Centre;
- 2016 – Planning consent granted for Cambrian Centre Phase 2;
- 2018 – Site identified as a key project in the City Centre Masterplan;

It was proposed that the Council would enter into an agreement with SDG to take a 25 year lease at an agreed rental and service charge in order to facilitate the development of Grade A offices on this site, in accordance with the detailed planning consent for Phase 2 of the Cambrian Centre redevelopment. The capitalised value of the Council's rental covenant would provide gap funding to enable SDG to undertake the development work. The Council would then be responsible for sub-letting the completed building to recoup the rental costs.

The Cabinet received detailed financial, legal and valuation advice regarding the risks and liabilities involved, the demand for Grade A office space in Newport and comparable rental figures.

Agreement was sought from Cabinet to:

- i) Approve the acquisition of a 25 year lease interest in Cambrian Centre Phase 2;
- ii) Approve the Developer's profit of 17.5%;
- iii) Approve the level of rent the Council will pay;
- iv) Agreement subject to satisfactory legal and financial due diligence;
- v) Authorise officers to negotiate detailed Heads of Terms and finalise Agreement for Lease.

Decision:

Cabinet agreed to proceed with the proposals as set out above.

12 **Date of the Next Meeting**

The next meeting will take place on Wednesday 12 February 2020, at 4.00 pm in Committee Room 1, at the Civic Centre, Newport.