

Minutes



Cabinet

Date: 14 February 2024

Time: 4.00 pm

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

1 Apologies for Absence

None.

2 Declarations of Interest

None.

3 Minutes of the Last Meeting

The Minutes from 10 January 2024 were accepted as a true record.

4 2024/25 Capital Strategy and Treasury Management Strategy

The Leader presented the first report to colleagues on the Capital and Treasury Management Strategy for 2024/25.

This is an annual report focussing on the Council's capital expenditure plans, the financial impact of those in terms of borrowing, and investment strategy for the year.

Whilst full Council ultimately approve the borrowing limits and prudential indicators contained within the report, Cabinet was requested to approve the detailed capital programme itself and recommend the report to Council for approval.

Governance and Audit Committee considered the report in their most recent meeting and endorsed the proposed strategies, with no further recommendations.

There were several key points in the report:

The five-year capital programme is managed on a rolling basis, meaning that a new year (2028/29) had been added to the programme.

The programme itself continued to reflect the challenging financial circumstances and, as such, continued to comprise ongoing and previously approved schemes, as well as annual sums for activities such as asset maintenance and fleet renewal.

Whilst there were no new schemes being included, the programme, especially in 2024/25, is still significant and contained a number of the Cabinet's highest priority schemes such as new school projects, the Transporter Bridge and new Leisure and Wellbeing provision.

Because of the affordability challenges, there was no new borrowing headroom to be approved at this point. However, the programme included indicative new borrowing from 2027/28 onwards, which, if still affordable nearer the time, would be available to pursue new schemes, such as the next wave of school development projects under the Sustainable Communities for Learning Programme.

Until the point at which new borrowing could be formally approved, capital headroom is limited to those amounts already held in specific earmarked reserves and uncommitted capital receipts. As a result, careful prioritisation was required when making new commitments from the headroom and every opportunity needed to be taken to boost it via one-off sources, to continue to respond to emerging pressures as and when they arose.

Whilst there no new borrowing was included in the next few years of the programme; previously approved borrowing would be incurred over that period; this would increase the overall Capital Financing Requirement and the Council's level of debt.

The borrowing limits proposed in the report take account of this and the revenue consequence of additional borrowing (e.g. interest payable on loans) was already budgeted for, following the budget investment made in 2021/22. Therefore, the programme proposed is affordable, prudent, and sustainable, based on current information and assumptions.

In terms of Treasury Management, the report detailed the Council's approach to borrowing and investing. It confirmed that the Council would continue to pursue an internal borrowing strategy, by using available cash resources to defer external borrowing for as long as possible and only undertake borrowing in advance of need where there was a clear financial rationale for doing so.

It is important to highlight the large refinancing requirement the Council has during 2024/25, which saw a handful of large loans repaid and new loans taken out in their place. The strategies reflected a prudent assumption of the capital financing cost that this replacement borrowing resulted in.

For investing, the Council continued to prioritise security, liquidity, and yield, in that order, striking an appropriate balance between risk and return.

A minimum investment balance of £10m is still required, which is currently being met via three covered bond investments.

Cabinet noted that the Head of Finance commentary within the covering report directly addressed the question of affordability, prudence and sustainability and confirmed that the proposed strategy and programme met all of those criteria.

Decision:

That Cabinet recommended to Council for approval:

- The Capital Strategy (Appendix 2), including the proposed Capital Programme within it (shown separately in Appendix 1), and the borrowing requirements/limits needed to deliver the proposed programme.
- The Treasury Management Strategy and Treasury Management Indicators, the Investment Strategy, and the Minimum Revenue Provision (MRP) policy for 2024/25. (Appendix 3)
- As part of the above, Cabinet

- approved the proposed Capital Programme, subject to Council approving the necessary borrowing limits that underpin this.
- noted the increasing debt, and corresponding revenue cost of this, in delivering the rolling Capital Programme, and the implications of this over both the short and medium-long term with regard to affordability, prudence and sustainability.
- noted the Head of Finance comments that borrowing needed to be limited to the extent that it stabilised the Capital Financing Requirement and did not add pressure to the Council's Medium Term Financial Plan, and the recommended prudential indicators on borrowing limits to achieve this.
- noted the feedback provided by the Governance and Audit Committee on 25 January 2024 (paragraph 8).

5 **2024/25 Revenue Budget and MTFP: Final Proposals**

The Leader introduced the report, to colleagues which dealt with the 2024/25 Council budget, setting out the consultation results on the draft budget, further developments in budget assumptions and an update on the Council's core and specific grant funding.

The Leader updated colleagues on the latest budget position today as outlined in the report. The Leader set out the Cabinet's use of the available funds that would finalise the Cabinet's 2024/25 budget recommendation to the Council to be considered on the 29 February.

Cabinet approved the draft budget on 10 January, which was subject to consultation to the 9 February, as the report outlined in section four; both with existing internal groups such as scrutiny committees and the school's forum, trade unions and externally with the wider public.

There were also some significant developments in the core and specific grant for 2024/25 and updates to the budget assumptions. The Leader therefore brought Cabinet up to date.

Firstly, the Cabinet approved updates to existing and considered new budget pressures and savings shown in paragraph 1.3, Table 2 of the report. These included financial pressures and investments, the need to provide additional core funding to the housing service and increases to the Council's revenue contingency budget; mitigated in part by additional efficiency savings from budget re-alignment in non-service budgets and additional council tax income from premiums recently agreed. These agreed budget adjustments updated the budget 'in hand' to nearly £1.3m as shown in Table 2.

Secondly, the Welsh Government confirmed in the week before the meeting that it would be receiving an additional £25m of consequential funding from the UK Government stemming from their increased funding to Councils in England; this funding would be allocated to Welsh Councils in recognition of the significant pressures on budgets, particularly in social care and schools. Information was received over the last few days on how this would be allocated to individual Councils and Newport would be receiving an additional Revenue Support Grant (RSG) allocation of £755k, and an increase in social care-specific grant funding. This increased the current budget 'in hand' to just over £2m.

Key issues the Cabinet were mindful of in setting out its final budget recommendation included:

- Demand on Council services continues to increase, significantly so in housing services and children's social care. The impact left by the pandemic in 2020 and 2021 was still putting huge pressures on vulnerable families, individuals, and communities.

- At the same time, the Council's spending levels were lower than comparable Councils in all service areas. Whilst positive in many ways, the increased capacity required to deal with increasing demand for services and support must be acknowledged.
- The Council had a vast amount of infrastructure and assets it was responsible for that are integral to delivery of services, such as roads, pavements, and buildings. Additional funding was provided for this to be maintained.
- The Council's own staff but also the staff in other organisations provide a wide range of services such as domiciliary care (home help) that support the city's most vulnerable families and individuals. Cabinet was pleased to see the recent increase to the National Living Wage which recognised the cost increases over the last year. Cabinet was proud that Newport was a Living Wage employer, and able to ensure external organisations paid this.

The Council received nearly 1,400 public responses to the draft budget consultation and the summary of those and the minutes of the meetings that took place with scrutiny, the school's forum and unions were included in the papers.

The consultation confirmed that virtually all proposals were met with majority or relatively high levels of support and agreement with the public.

In line with the context outlined and the feedback received, Cabinet reviewed the draft budget and considered how to allocate the budget 'in hand,' to be distributed as follows:

- Funding of £700k for highways infrastructure and building maintenance, at £500k and £200k, respectively.
- Allocation of £300k additional funding for schools, specifically earmarked within the schools funding formula for supporting children with additional learning needs.
- £160k to the social services safeguarding hub, a vital service which supports families in crisis and is under unsustainable, on-going pressure of increased demands.
- Allocation of £595k to make provision for additional long-term borrowing and support capital programme costs.
- Allocation of £150k to the homelessness budget, to assist with addressing the continued pressures being presented by the need for temporary accommodation.
- Allocation of £145k to address the issues and impacts presented by specific grant reductions.

These total £2.05m in total.

The overall budget strikes a balance between increased funding with on-going new savings and ensures that residents continue to pay one of the lowest rates of council tax across Wales and the UK. It represents a relatively small increase of £1.50 to £2.01 per week for those houses in Newport's most common bandings and the council tax reduction scheme is there to continue to support those households who are eligible for support with this.

The funding increases and the Cabinet's decisions on budget investments ensure:

- increased school funding – both by investing more funds over and above cost inflation increases and by not making savings from school budgets.

- continued support of the most vulnerable families and individuals in communities. The Council is investing nearly £5m in its homelessness services, social care, and additional learning needs budgets. Demand in these areas is increasing and this could not and should not be ignored.
- Cabinet recognised the need for investment in the highway infrastructure and assets which are needed for service delivery and used by all residents within the city. The Leader reflected that more is needed but was pleased to have been able to make inroads here for the coming year.

Comments of Cabinet Members:

- Councillor Davies noted that over the last 10 years the Council made over £80M of savings with challenging budgets and difficult decisions to protect the most vulnerable and those in need. Efficiency savings alone would not balance the budget, hence difficult decisions being made regarding front line services whilst salaries increases were supported, and pupil numbers grew. It was good news that additional funding of £200K came from WG for Additional Learning Needs (ALN) against a backdrop of no cuts within the education budget. Councillor Davies therefore supported the council tax increase and reminded colleagues that Newport would still have one of the lowest council tax bases Wales. This would ensure that it was still affordable for residents and that those who were in financial difficulty received provision support through the council tax reduction scheme.
- Councillor Harvey supported the 8.5% council tax premium and reflected that Newport was still in the lowest quartile for council tax throughout Wales. The Council provide over 800 services to the public. These services were not only funded via council tax but funding from other areas. This increase was supporting residents from cradle to grave with the provision of social services and education.
- Councillor Marshall noted the significant breadth of services that the Council provided to the residents of Newport and the indispensable role these services played within the community.

Councillor Marshall noted that comparison with authorities in England revealed shared pressures such as homelessness, temporary accommodation, and child social care placements. Councillor Marshall was pleased that Welsh Government was providing financial support and safeguarding the Council from reductions, such as workforce grants and support in terms of requirements surrounding reduction in force (RIF).

Councillor Marshall added that despite being a budget for the upcoming financial year, this administration was committed to fiscal responsibility and prudence in delivery, even when the initial outlook appeared bleaker. Values were centred around safeguarding education and social services from cuts whenever possible, this was clear within the budget proposals. As a growing city, Newport faced new challenges and pressures, all of which were identified and addressed in the proposals.

In determining this year's council tax, focus was on protecting the most vulnerable and minimising the impact on residents. Councillor Marshall concluded that dedicated staff continue to perform their part to the highest standard, providing great initiatives, events, and support to residents and the city. Councillor Marshall extended his and colleagues' gratitude to staff for their commitment to delivering the best services to the community.

- Councillor Hughes mentioned that no council was immune to the financial challenges faced in this budget cycle. Social services faced challenges in meeting statutory duties, and staff facing these challenges would welcome additional investment in the safeguarding hub. Councillor Hughes added that people depended upon the city and that the council would continue to keep people safe.

- Councillor Lacey also approved the budget and the proposed 8.5% council tax. Councillor Lacey was pleased to see £700k split between infrastructure assets and building assets. Councillor Lacey also referred to staff within her service area of infrastructure, who had received 784 out of hours service calls from February '23 to February '24 which had a significant impact on funding.
- Councillor Forsey mentioned that whilst there were budget cuts, focus should also be emphasised on what the council could do. In addition to education and social services, the council was still able to clean the streets, collect rubbish and deliver hundreds of other services to residents. Councillor Forsey also mentioned a programme to replace and refurbish children's play areas within Newport parks and while most of these projects were supported by grant funding, these projects were delivered by the Council. This was achieved through the excellent staff engaging with residents, designing, planning, and overseeing this work. This was in addition to meeting the target to be net zero carbon by 2030 by decarbonising buildings, installing solar panels and electric vehicle (EV) charging points. Therefore, Councillor Forsey supported the budget.
- Councillor Clarke added that this was the right budget for Newport and Cabinet had listened to people and professionals within the city and no decisions were taken lightly. Councillor Clarke referred to the increase in council tax and highlighted that it would mean an increase of £2 per week, or £8 per month for most households. Councillor Clarke outlined the significantly higher increase in utility prices and inflation in comparison. Making these tough decisions maintained the services for the people of Newport and therefore Councillor Clarke supported the report.
- The Leader thanked colleagues and the senior officer team at Newport City Council, for their hard work and effort to deliver a budget in the most difficult and challenging times for the public sector. The Leader also thanked partners and stakeholders for responding to the consultation, including scrutiny committee colleagues, the school's forum, trade unions and members of the public. The Leader reflected on the balanced feedback from members of the public and referred to comments from one member of the public in relation to council tax who stated they were fine with the increase, but the money needed to go on services we actually used, such as improving roads. The Leader welcomed the support of the WG and recognised their challenging financial situation.

Decision:

Cabinet considered:

Budget proposals and medium-term plan (section 3-5), and

1. noted the formal consultation on the budget as outlined in section 4 and the feedback received, shown in Appendices 1 to 5.
2. noted the equality issues and the Fairness and Equalities Impact Assessment (FEIA) on the budget proposals, shown in Appendix 13.
3. reviewed and confirmed the final budget recommendations (Appendix 6 - 7), as currently summarised within the medium-term financial plan (Appendix 8).
4. agreed the 2024/25 fees and charges of the Council shown in Appendix 12.

Overall revenue budget and resulting Council Tax 2024/25 (section 6 and 7), and

5. noted the significant risks and uncertainties within budget planning and specific issues highlighted in Section 6 of this report and the mitigation in place to manage them.

6. recommended the detailed budget investments and savings and resulting Council Tax rate to full Council, noting that a formal resolution including the Police and Crime Commissioner for Gwent and Community Councils' precepts be presented to Council on 29 February.
7. recommended a council tax increase of 8.5%.
8. approved expenditure and use of the Transformation Fund in line with the summary shown in Appendix 11b, noting they were based on detailed proposals reviewed by Cabinet in their January 2024 meeting.
9. approved the repurposing of earmarked reserves as set out in paragraph 6.7.

6 Newport City Council, Social Value Outcomes in Procurement Update

The next report presented by the Leader was the first report of the outcomes delivered from using the Newport Social Value measurement tool, or, Themes, Outcomes and Measures (known as the Newport TOMs), adopted by Cabinet in March 2023.

The Leader was pleased to bring this report to Cabinet Colleagues and thanked the team for delivering the paper that reflected what could be positively gained from public sector investment through procurement.

The TOMs are a mechanism for reporting on Social Value delivery through the Council's procurement of goods, works and services.

The report highlighted the achievements made for the first six-month reporting period between May to October 2023.

The Newport TOMs were developed from the overarching Welsh TOMs framework, which was designed around the seven wellbeing goals of the Well-being of Future Generations (Wales) Act 2015.

The methodology was developed in conjunction with the Welsh Local Government Association (WLGA) National Procurement Network and the National Social Value Task Force Wales, which was a cross-sector working group combining both public and private sector organisations. Many of the measures within the framework were representative of the monetary value assigned to them and that measure brought in an added social value. These were used consistently across Wales.

For this first reporting period, being May to October 2023, a total of £991,984 pounds worth of social value was delivered through tenders undertaken during this time.

A large proportion of this total was made up of employees that live within the boundary of Newport City Council who had been hired or retained to work on the contracts. This added social value for local employees representing some £890,000 of the total achieved.

All the contracts measured demonstrated that staff engaged were paid at least the real Living Wage Foundation rate, as opposed to the basic National Minimum Wage.

Cabinet noted the content of the report, and the achievements made during this first reporting period, which demonstrated the added social value that contracts brought to the wider community and showed commitment to the wellbeing of future generations.

Comments of Cabinet Members:

- Councillor Davies was pleased with the £1M social value delivered in six months which was outstanding. Whilst this was a measure that the Council was using, Councillor Davies reflected on the fact that all officers were working hard to put value in what they and public sector partners did, working hard for the community.
- Councillor Hughes added that the report was about common values and confirmed that strong financial decisions could be made whilst still prioritising the Council's commitments to cultural, social, and economic values. Councillor Hughes was therefore pleased to note the successes.
- Councillor Forsey reflected on the excellent work and outcomes outlined in the report which benefited the local area and people. The report showed an increase of 28% from the previous six-month period and exceeded the Council's target.
- Councillor Harvey noted that the report covered all services including grassroots sports, foodbanks, and supporting and promoting charities. Councillor Harvey congratulated the Leader and staff on the results in the report.
- The Leader once again thanked the team of officers for taking this forward and showing the Council's commitment to the wellbeing of future generations.

Decision:

That Cabinet:

Noted the social value outcomes to date in Appendix A, where TOMs were included in the tender/contract.

7 NCC External Pressures - Cost of Living

The Leader presented an update on the external pressures impacting the delivery of Council services, which provided a summary of the Council's response to these pressures.

The main challenges facing Newport was the cost-of-living crisis, pressures on housing and homelessness services, and changes in the asylum process.

The Council was responding to these challenges through collaboration and partnership working to provide support, advice, and guidance to residents.

The report provided examples of activities and support offered during this period, including targeted support within temporary accommodation hostels, providing warm snacks to young people, facilitating sessions for families in debt, and distributing food packs to those in need.

The Council also worked closely with partners to coordinate support over the next few months.

The Leader took the opportunity to urge residents experiencing difficulties to contact the Council for information and signposting on the advice and support available, in person, by phone or by visiting our support and advice pages on the website.

Over the coming months officers would be promoting the facility for residents to choose how to spread their council tax bills as a way of supporting residents with lowering monthly outgoings. Residents could choose the plan that best fitted their individual circumstances with 3,6,10 and 12 monthly plans available.

It was encouraging to see the number of partnership events and activities across the city during the last period and to see planning for events and roadshows.

Shared Prosperity Funding was secured to support the delivery of Warm Spaces during Winter months. This funding provided small grants directly to third-sector organisations supported by Gwent Association of Voluntary Organisations (GAVO).

The Leader continued to advocate for partnership working as being vital in supporting residents and businesses and encouraged anybody in need to access the support available.

Comments of Cabinet Members:

- Councillor Harvey referred to warm spaces where the report highlighted that there were 16 in place. Councillor Harvey was pleased to note that there were now 25 warm hubs and in the last month, these hubs welcomed over 3,000 residents to come in for tea/coffee and company. Councillor Harvey thanked staff involved in the fantastic initiative and was proud to support this.
- Councillor Marshall mentioned the events taking place during half term, a lot of which were free. Councillor Marshall also wanted to remind people that there were always spaces to go to, including coffee mornings run by Community Connectors which offered company and support.
- Councillor Davies referred to school anti-poverty roadshows which were ongoing. Councillor Davies thanked officers for supporting families and signposting them to grants and facilities which are available, and the difference this made to the community.

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.

8 Work Programme

This was the regular monthly report on the work programme.

Decision:

Cabinet agreed the Work Programme.