

# Minutes



## Cabinet

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Date: 19 September 2018

Time: 4.00 pm

Present: Councillors D Wilcox (Chair), P Cockeram, D Harvey, R Jeavons, D Mayer, R Truman, M Whitcutt

Apologies: Councillors G Giles and J Mudd

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### 1 Apologies for Absence

Noted above.

### 2 Declarations of interest

There were no declarations of interest.

### 3 Minutes

The minutes of the last meeting were approved as a true record.

### 4 Capital Programme Monitoring and Additions July 2018

The Leader introduced the report which requested new schemes be added to the programme.

The report updated Cabinet on the current capital expenditure position as at the end of July 2018 along with the forecast outturn for 2018/19. Currently £1,770k slippage is being requested into 2019/20.

The report also updated Cabinet on the current position regarding capital receipts. At the time of the Cabinet meeting no capital receipts had been received this year, although it is anticipated there will be a receipt in 2018/19 from the disposal of land at Celtic Springs.

The report highlighted a further increase in capital expenditure across the programme. The vast amount is funded through grants or section 106 fees, which do not impact on the overall affordability of the programme. However, where capital expenditure is funded by borrowing this headroom is decreased. As highlighted in the report the overall headroom currently across the programme is minimal, therefore, it is essential to prioritise capital expenditure, which will use up the headroom. Capital Expenditure over and above this amount will mean a pressure on the revenue medium term plan and will need to be funded by savings elsewhere.

The overall monitoring position looks positive, with only a small amount of slippage, following the re-profiling of the larger projects such as the Schools' Band B programme. It is still early in the financial year and service managers need to provide robust monitoring in order for the Council to continue to manage its cash flow and decision-making process. The Leader urged the Chief Executive, the Head of Finance, and their teams to monitor the Council's cash flow.

The Head of Finance drew Cabinet's attention to a change to the approved Capital Programme. The Education project for reducing the classroom size at St Woolos Primary School needs to be revisited and is withdrawn from the Programme at this stage.

#### **Decisions:**

1. Agreed the changes to the Capital Programme and note the monitoring position as set out in the report, including the use of capital receipts.
2. Agree to prioritise capital expenditure to maintain spend within the current affordability envelope.

## **5 July Revenue Budget Monitor**

The Leader introduced the report, which details the current forecast position on the Council's Revenue budget and the risks and opportunities that present themselves within the July position.

As at July 2018, the Council's revenue budget is forecasting an underspend of £876k before use of the Council's revenue contingency budget - £2.35m underspend including the use of the Council's general budget contingency.

The vast majority of Council service areas and activities are spending within their approved budgets; however, service areas forecast overspend is £5,347k, excluding schools. There are four areas which are key contributors to this overspend which are not unique to Newport City Council but are some of the key drivers for spend:

- Children's out of area placements - £1,917k
- Special education needs - £1,377k overspend
- Adults' community care - £975k overspend
- Independent fostering agencies - £592k overspend

The overspends have been balanced by underspending/better income in non-service budget areas of £2,397k and the general and People services revenue contingency budgets of £3,673k;

- Council tax benefit rebates – (£1,645k)
- Council tax surplus – (£350k)
- Other – (£402k)
- People Services risk contingency – (£2,200k)
- General contingency – (£1,473k)

One off income of (£1,625k) has also been received in this current year and together, these contribute towards the overall underspend position of c£2.35m. The one-off income is significant as without it, the underspend would be £724k, with the Council having to utilise around half of its general revenue contingency budget to remain within budget.

In addition, budgets set by schools for 2018/19 will see them overspending their available funding by c£2.1m, inclusive of forecasted Welsh Government (WG) end of year grant income, which will reduce a significant number of schools individual reserves to almost zero.

In summary:

- service area overspending is at unsustainable levels and whilst the overall forecast position is showing an underspend, this is mainly due to one off income and continued underspending in non-service budgets which cannot be guaranteed into the future;

- undelivered savings will cause pressures for future years' budget setting if these remain undelivered;
- the vast majority of schools will spend more than their available funding in 2018/19.

The Leader commended the Chief Executive and his team for the robust fiscal management of the budget.

#### **Decisions:**

1. Agreed the overall budget forecast position including use of all budget contingencies to balance current forecast service overspending;
2. Agreed to instruct all areas of the Council to maintain robust financial management to reduce area overspending;

### **6 Annual Review of the Well-being Objectives and Improvement Plan 2017-18**

The Leader introduced the report, which informed Cabinet of the progress in meeting the Council's Well-being Objectives and delivery of the Improvement Plan 2017-18.

The Council is subject to duties under the Local Government Measure 2009 and the Well-being of Future Generations (Wales) Act 2015. The Local Government Measure requires local authorities to set its own Improvement Objectives. The Well-being of Future Generations Act requires local authorities to set and publish Well-being Objectives. Improvement Objectives are published as part of the Council's Improvement Plan and Well-being Objectives are part of the Council's Corporate Plan.

This Annual Report outlines progress the Council has made to date in achieving the Well-being Objectives and the goals set out in the Improvement Plan 2016-18. This is the first year for reporting progress of the Well-being Objectives and the second year for reporting progress of the goals in the 2016-18 Improvement Plan.

Particular attention was given to the following:

Well-being Objectives 1 – 4 as being particular highlights of the report.

The Improvement Plan 2016-18 has been successful during the second year and has achieved an overall rating of 'Green – Good'. Overall progress against the Improvement Plan Objectives in 2017-18 is assessed as being 'good' with most Improvement Objectives performing well.

Councillor Mayer commended staff for their work in achieving these objectives.

#### **Decision:**

To approve the report and recommend the report to Council so that Council can fulfil its statutory duty to publish the report within specified dates.

### **7 Wales Audit Office Certificate of Compliance**

The Leader presented the report to Cabinet with the Certificate of Compliance issued by the Wales Audit Office (WAO) following an audit of the Council's Improvement Plan 2016-18.

As part of the programme of regulatory activity the Auditor General has issued the Council with a Certificate of Compliance following an audit of the Improvement Plan 2016-18.

This is the first of two certificates that the Authority aims to achieve in each financial year. The second certificate will be issued as part of the Assessment of Performance Audit and assessment of the Council's arrangements to secure continuous improvement.

This certificate confirms that our improvement plan meets the criteria set out in the local government measure and gives us assurance that in spite of the challenges we face we still managed to meet our duties and show improvement.

**Decision:**

Agreed to accept the positive Certificate of Compliance from the Auditor General for Wales in respect of the audit of the Improvement Plan 2016-18 which confirms that the Council has discharged its duties under the Local Government Measure 2009 with regard to Improvement Planning.

## **8 Corporate Risk Register Update**

The Leader presented the report on the Corporate Risk Register, which identifies risks that may prevent the Council achieving the objectives set out in the Corporate Plan and enables the Council to continue to provide services to the citizens and communities of Newport. Robust management of these risks is imperative to the realisation of the Council's objectives.

The corporate risk register helps the Council to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs by considering the sustainable development principle set out in the Wellbeing of Future Generations (Wales) Act 2015.

There are 14 risks identified in the risk register made up of five high risks and nine medium risks. During this quarter the risk rating for Risk 12 – Increasing Risk of Cyber Attack has increased from nine to 12 following recent Home Office advice. The rating for eight of the risks has remained the same and four risk ratings have been reduced as a result of the mitigating actions in place.

Councillor Jeavons asked that future consideration be given to including the implications of increased traffic through Newport should the M4 Relief Road proposal go ahead. Significant increased traffic flow through Newport will adversely affect the condition of local roads.

**Decision:**

Agreed to approve the contents of the Corporate Risk Register and request regular updates, which will give the Cabinet oversight of the main overarching risks that the Council faces in delivering the objectives of the Corporate Plan.

## **9 Work Programme**

The Leader of the Council presented the latest update to the work programme.

**Decision:**

To agree the updated work programme.