

# Minutes



## Cabinet

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Date: 13 November 2019

Time: 4.00 pm

Present: Cllrs Debbie Wilcox (Chair); P Cockeram, D Harvey, R Jeavons; J Mudd, D Mayer, G Giles, R Truman

In attendance: Ms S Davies; Mr J Harris; Mrs B Owen; Mr G Price; Mr M Rushworth

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### Part 1

The Leader confirmed this was her last Cabinet meeting as Leader and thanked her Cabinet colleagues for their support during her tenure; support which has made her job that much easier. She applauded the fantastic Labour Administration and the work ongoing to achieve the best possible future for Newport's residents. The Leader confirmed it to be the best job she's ever had, through good times and bad.

The Leader also confirmed that James Harris, Strategic Director Place, was attending his last Cabinet meeting as he is retiring from the Council. The Leader placed on record her thanks for the work done by James in his time at Newport, especially with regard to schools and social services.

#### 1 Apologies for Absence

There were no apologies.

#### 2 Declarations of Interest

There were no Declarations of Interest.

#### 3 Minutes

The minutes of the meeting held on 16 October 2019 were confirmed as a true record.

#### 4 Revenue Budget Monitor – September 2019

The Leader presented the report which provided an update on the Revenue Budget monitor. The report confirmed the forecasts have been deteriorating throughout the year with demand continuing to grow beyond the budgets available. At the last Cabinet update, the bottom line budget was finely balanced and the current position now shows an overall overspend of just over £700,000.

The report explained the reasons and trends for this and which follow a set pattern; a pattern that has been in place for approximately 2-3 years. Whilst the majority of the Council's activities are operating close to budget, there is significant overspending in a few areas. Whilst there is some underspending in non-service budgets and a revenue budget contingency, these items are still not enough to mitigate the overspending, therefore the report confirms a net overall overspend of £700,000.

Service areas, excluding schools, are overspending by over £4m with social care contributing over £3m of that, due to rising demand. £3.5m has been invested into the key demand-led activity areas in social care in this year's budget, yet demand has continued to grow at a faster rate.

The Leader confirmed there are some non-service underspends in the Council Tax Reduction Scheme due to lower demand for that and in Council Tax Income as more houses are built in the city – these amount to approximately £2m and alongside the revenue budget contingency of £1.4m, provide a good level of mitigation, but not enough.

The position is challenging, however, the Council does need to manage the overall budget as any overspend will require funding from reserves and there are no un-earmarked reserves easily available, also general reserves are at minimum levels. Also, the Council has a very challenging budget to consider in due course. Any unplanned use of reserves will therefore be problematic and give rise to difficult consequences and impacts.

The school's financial position is looking very challenging too and education and finance colleagues are working hard with secondary schools to see what savings can and should be made to bring spend closer in line with funding. Progress is being made and the Leader expressed her gratitude to schools, education and finance officers in achieving this, however, the Leader confirmed there is more work to be done before the situation can be stabilised.

The Leader thanked officers for their hard work in managing the budget under very difficult circumstances. The Leader welcomed the Chief Executive who has a huge job ahead of her in dealing with budget issues. The Leader hoped that the Revenue Support Grant settlement for next year's budget will provide some help and give the Council choices to support the services and functions which are under immense strain. In the meantime, action is required to manage this year's budget.

The Leader asked Cabinet to note the proposals contained in the report and to recommend, as the report proposes, that Directors take a lead with their Heads of Service to identify targeted savings and to cut back on expenditure wherever possible. The Leader explained this is not a spending freeze, but a targeted reduction in spend given that the over-spend, whilst high, is not something which is "out of reach" to bring back. The Leader encouraged Cabinet Members to discuss this as part of their regular briefings with Heads of Service. Robust action is required in order to update the forecasts and then deliver them. If this course of action doesn't improve matters, then further action may well need to be considered.

The report's appendices included:

- Appendix 1 Overall budget dashboard – September 2019
- Appendix 2 Revenue summary monitor – September 2019
- Appendix 3 Schools' funding and balances
- Appendix 4 Planned movement in reserves

The Cabinet Members' comments centred on the continuing austerity imposed by central government and the difficulties associated with those budget cuts.

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 the Chief Executive and Corporate Directors 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 approved the report and agreed that the Senior Leadership Team should 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 – September 2019**

The Leader presented the report which dealt with aspects of the Capital Programme, any new additions for Cabinet's consideration and approval, progress made this year and the current position on the capital resources headroom and capital receipts.

The biggest change noted in the report is the programme. Officers have been reviewing the deliverability of the programme and most of that work is now complete. The current five year programme will take another two years to deliver and given its size and in some places, complexity, this is not too surprising. Therefore, project spend has been re-phased over the new seven year timescale in line with estimates for when projects can be delivered. The report confirmed projects have not been dropped – just reviewed to see when they can be delivered.

In the extra two years, capital spend had already been committed to:

- a) Finishing off the Education Band B programme. This is therefore included in the new seven year timescale and the programme now includes the full £70m Band B school programme.
- b) NCC's contribution to the Cardiff City Deal. This is a long term commitment and Newport Council, like other authorities in the region, will be making contributions to this for many more years, even beyond the seven year timescale identified in the report.

As well as re-phasing existing projects, these two items have been added as they were already approved and need to be included in the report for completeness. (Appendix A refers).

In terms of the programme spend, the report confirmed there was the usual relatively slow spend in the first half of the year which is forecast to accelerate in the second half of the year. Good progress is being made on many projects within the programme. In particular, the new service Hub, which opened on the 7<sup>th</sup> November and which is a fantastic facility for residents in the east of the city.

The report confirms progress on the high profile projects.

An update on the capital resources headroom was included in the report, there is some headroom in the programme but the demand for resources will always outweigh resources available. The report confirmed the programme is already achieving close to £200m, there are a lot of projects ongoing and the city will benefit hugely from this spend and the services and facilities that arise from that. Part of the headroom comes from capital receipts, and the report gave an update on this and the generation of receipts so far.

Councillor Jane Mudd expressed her gratitude to the Leader for her work with Welsh Government on securing the grant to facilitate the Commercial Street project, without the Leader's intervention the project would not have been brought to fruition.

Likewise Councillor Gail Giles confirmed the Leader's involvement at the start of the 21<sup>st</sup> Century Schools Band B Programme; the Leader's input giving the impetus to start the project and in setting the forward agenda.

The Leader commended the report to colleagues. Cabinet was asked to:

- i) Note the majority of the re-phasing of the overall programme has been completed with the exception of finalising 21<sup>st</sup> Century Schools Band B and Fleet replacement;
- ii) Note that the capital programme timescale has been increased from five years to seven years to accommodate the re-phasing of the original programme and for completeness, and includes other already approved projects which fall into those years;
- iii) Approve the additions to the Capital Programme requested in the report (Appendix A);
- iv) Note the available remaining capital resources ('headroom') until 2022/23;
- v) Note the capital expenditure forecast position as at September 2019;
- vi) Note the balance of and approve the allocation of in-year capital receipts.

**Decision:**

1. Cabinet approved the changes to the Capital Programme and noted the monitoring 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.

## **6 Work Programme**

The Leader presented the Cabinet Work Programme.

**Decision:**

Cabinet agreed the updated programme.

## **7 One Newport Public Services Board (PSB) – Summary of Business**

The Leader confirmed this update was for information/awareness purposes.

## **8 Date of Next Meeting**

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