

Minutes



Cabinet

Date: 15 February 2023

Time: 4.00 pm

Present: Councillors J Mudd (Chair), D Batrouni, J Clarke, D Davies, 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

Minutes from 11 January were accepted as a true record.

4 Capital Strategy and Treasury Management Strategy - 2023/24

The Leader Introduced the annual report focusing on the Council's capital expenditure plans, the financial impact of those in terms of borrowing, and investment strategy for the year.

It was important to note that full Council ultimately approved the borrowing limits and prudential indicators contained within the report. Cabinet however, were requested to approve the detailed capital programme itself.

It was also important to note that the Governance and Audit Committee also considered the report in their most recent meeting and provided comments. In this case, their comments simply endorsed the proposed strategies, with no concerns raised.

In terms of the report itself, there were a number of key points highlighted:

- The Council was entering a new capital programme window, with the current programme ending in March of this year and a new five-year programme taking effect from April.
- Previously, the programme was reviewed once every five years, however the proposal was to move to a rolling approach to capital programme management, meaning that the overall programme, and borrowing affordability, be reviewed annually.
- This change would introduce more flexibility in managing the programme and was accompanied by strengthened governance arrangements, detailed in the report.
- Because of the extremely challenging financial context, the proposed programme contained only ongoing and previously approved schemes, which were being carried

forward from the existing programme, and annual sums, which included activities such as annual asset maintenance and fleet renewal.

- Whilst there were no new schemes being included, the programme, especially in years 1 and 2, was still significant and contained a number of the Cabinet's highest priority schemes.
- Due to the affordability challenges, there was no new borrowing headroom included in the strategy, meaning that capital headroom (used to pursue new schemes or address cost increases on existing schemes) was limited. As a result, every opportunity needed to be taken to boost the headroom via one-off sources to continue to respond to emerging pressures as and when they arose.
- Whilst there was no new borrowing included in this programme, previously approved borrowing would be incurred over the next few years, increasing the overall Capital Financing Requirement and the Council's level of debt.
- The borrowing limits proposed took this into account and the revenue consequence of additional borrowing (e.g. interest payable on loans) was already budgeted for, following a budget investment made in 2021/22. The programme proposed was therefore affordable, prudent and sustainable.
- In terms of Treasury Management, the report detailed the Council's approach to borrowing and investing.
- It confirmed that the Council would pursue an internal borrowing strategy, using available cash resources to defer external borrowing for as long as possible, and would only undertake borrowing in advance of need where there was a clear financial rationale for doing so.
- For investing, the Council would continue to prioritise security, liquidity and yield, in that order strike an appropriate balance between risk and return.
- A minimum investment balance of £10m was required and longer term investments, often with a higher return, would continue to be explored.

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.

Comments of Cabinet Members:

- Councillor D Davies welcomed the new capital strategy and its ten-year context as there was so much change, the annual review was a good way forward. It was also good news that the Band B Capitol programme would also be completed.

Decision:

That Cabinet recommend 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 2023/24. (Appendix 3)

As part of the above, Cabinet

- Noted the increasing debt, and corresponding revenue cost of this, in delivering the new 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 that required to fund ongoing and previously approved schemes brought forward from the current Capital Programme only, and the recommended prudential indicators on borrowing limits to achieve this.
- Noted and commented on the proposal to prioritise annual sums funding over any new schemes, unless unavoidable.

Noted the feedback provided by the Governance and Audit Committee on 26 January 2023 (paragraph 5).

5 **December Revenue Budget Monitor**

The Leader introduced the next report to colleagues, this was the quarter three revenue update presented to Cabinet explaining the current forecast position of the Authority as at December 2022.

The report highlighted the current forecast position on the Council's revenue budget and the financial risks and opportunities that presented themselves.

Cabinet were asked to:

- (i) Noted the overall budget forecast position resulting from the issues included in this report and the outstanding uncertainties and risks still present.
- (ii) Agreed that the Chief Executive and the Executive Board continued to review and challenge service area forecasts in an attempt to manage the overall forecasts within the core revenue budget, including revenue budget contingencies.
- (iii) Noted the key risks identified throughout the report, particularly in relation to homelessness and social care placements.
- (iv) Noted the overall position in relation to schools, when compared to previous years, but also noted the risk that deficit positions could emerge in the future if good financial planning and management was not undertaken.
- (v) Noted the forecasted movements in reserves.
- (vi) Approved allocation of the 2021/22 underspend that remained unallocated at outturn as set out in section 4 of the report, noting the resulting level of the Council's general and earmarked reserves.

Against a net budget of £343 million, the December revenue position currently forecasted an underspend of £1.1million, which represented less than 0.4% variance against budget. This underspend was after the use of all revenue budget contingencies of £4.7million included in the 2022/23 revenue budget, as agreed by Cabinet in February 2022.

Despite having established these budget contingencies for the 2022/23 year to deal with covid legacy issues, there was significant overspending in some key demand areas and other emerging risks within service areas.

These were offset by savings against (i) revenue budget contingencies which were made available to the Council (ii) Council tax reduction scheme and (iii) other non-service budgets as set out within the report.

The forecasted position improved by £2.5 million since the last Cabinet update primarily from one off grant funding received from Welsh Government in respect of Elimination of profit funding for children's social care and No One Left Out Approach funding to support homelessness. Whilst the additional grant funding was welcomed, Cabinet was mindful to note the key areas of overspending within service areas as set out in the report and its appendices.

The key areas contributing to the £5million forecast overspend within service areas included:

- Increased demand across key social care areas including children's out of area and emergency placements. These two areas alone contributed an overspend of over £4 million to the overall service position.
- The impact of the 2022/23 NJC pay award, the average increase for Council staff would be in the region of 6.4% compared to only 4% provision in the budget. This represented a forecasted overspend of £2.4million for non-school based staff.
- Significant pressures were evident within Housing and Communities, in relation to homelessness. An overspend of £1.9million was forecasted after the additional in year grant funding was awarded.

The main issues were:

- a. The large number of individuals/ households accommodated in temporary accommodation, reflecting a continuation of the position from the Covid period.
 - b. The lack of suitable accommodation options resulting in significant use of hotel and B&B options at much higher cost than more traditional options.
 - c. The cap on Housing Benefit subsidy resulting in only a proportion of these costs being covered by the Department for Works and Pension (DWP).
- In addition to these continued risks, there were also issues that emerged this year that would continue to be closely monitored. These included, but were not restricted to, Education Special and SEN transport which was forecasting a £496k overspend due to higher operator costs due to inflation and £340k car parking income shortfall. The anticipated overspend in these areas of emerging risk was expected to be over £800k by the end of the financial year. Further pressures were evident within fleet maintenance as a product of rising fuel process as well as increasing costs associated with maintenance.
 - An anticipated shortfall against the delivery of 2021/22 and prior year savings of £541k, largely due to delays in progressing the necessary actions, some of which was a result of the pandemic.

The Leader was pleased to note, however, that all undelivered savings were expected to be delivered in full next financial year or proposed to be dealt with as part of the draft budget.

- Underspending against both the core revenue contingency budget and the other temporary contingencies provided mitigation against service area overspending. The forecast underspend of £4.7million was shown against non-service budgets. In addition, there was a forecast underspend of £2.3million against capital financing,

specifically on PFI interest and almost £1million forecasted saving against the council tax reduction scheme budget.

Schools were separately projected to overspend by £5.3million, a proportion of which was planned, and would reduce school reserves by that amount. As well as the impact of a higher pay award compared to the budget increase allowed for, schools were drawing down on reserves built up over the previous two years as they moved to catch up / strengthen provision after the impacts of Covid and catch up on maintenance / related improvements.

Robust monitoring needed to be maintained in this area, as whilst no schools have set a deficit budget, there were a couple of schools that entered an in-year deficit position following the impact of the pay award being reflected in individual school forecasts.

Overall, the current position on school balances represented an improvement from concerns evident in previous financial years. It did, however, remain necessary to closely scrutinise each position and ensure that recovery plans were in place and being delivered as intended to avoid a return to the previous position.

This must be balanced with trying to avoid a situation whereby balances could be considered excessive and would, therefore, be a key consideration when setting future revenue budgets and reviewing the medium-term financial plan.

As the Council was nearing the end of the financial year, many of the significant areas of overspending were known with reasonable certainty and the values attributed were realistic. As always, however, there was potential for the position to change and these areas continued to be monitored in the final months of the financial year.

Whilst the service area position improved following confirmed additional funding from Welsh Government, given the challenges that were likely to manifest themselves in the 2023/24 budget, there was a need to reduce service area overspending further, especially in the key areas set out. In addition, any new pressures needed to be managed within existing resources as much as was practicable.

As well as having a focus on the in-year position, it was important for services to understand any longer-term impacts of the challenges being faced and identify strategies for minimising those impacts. This was because there was already a challenging outlook for the medium term. Any further financial issues would only add to that challenge.

Comments of Cabinet Members:

- Councillor Marshall felt that this was a welcome addition and thanked staff for their hard work and contribution, as Newport was the only Council in Wales to receive the funding.
- Councillor D Davies referred to the education portfolio in relation to the use of reserves, where £5.3M was intended to be spent on capital projects and the huge delay due to covid, materials and planning permission. With this in mind, this did not mean that it would not be monitored closely by schools in the future, who also needed to be prudent in relation to this.
- Councillor Batrouni made two points; overall it was a positive revenue, but we should not be complacent, as there were some pressures in areas such as housing and children services and there was no short-term fix. This was grant funding from WG and was not an ongoing provision, we therefore needed to be prudent to ensure that the long-term issues were being addressed, not only in Newport but every council across the country. Secondly, in relation to the overspend on the pay budget, however, as Cabinet, we were proud that we gave on average a 6% rise in relation to inflation and giving one of the best

pay settlements to Council employees. Leader valued Councillor Batrouni's comments and expressed the Cabinet's commitment to public servants within Newport.

Decision:

That Cabinet

- Noted the overall budget forecast position resulting from the issues included in this report and the outstanding uncertainties and risks still present.
- Agreed that the Chief Executive and the Executive Board continued to review and challenge service area forecasts in an attempt to manage the overall forecasts within the core revenue budget, including revenue budget contingencies.
- Noted the key risks identified throughout the report, particularly in relation to homelessness and social care placements.
- Noted the overall position in relation to schools, when compared to previous years, but also noted the risk that deficit positions could emerge in the future if good financial planning and management was not undertaken.
- Noted the forecast movements in reserves.
- Approved allocation of the 2021/22 underspend that remained unallocated at outturn as set out in section 4 of the report, noting the resulting level of the Council's general and earmarked reserves.

Action by Cabinet Members / Head of Finance / Executive Board:

- Chief Executive and Executive Board continued to review the issues resulting in the current service area position and, with Heads of Service, continued to take robust action to manage overall forecasts in line with available core revenues budgets.
- Cabinet Members discuss financial forecasts and issues in their portfolio areas and agreed recommended action to bring those back in line with available budgets, as much as was possible.
- Heads of Service delivered agreed 2022/23 and previous year budget savings as soon as practically possible, but by the end of the financial year at the latest.
- Cabinet Members and Heads of Service promoted and ensured robust forecasting throughout all service areas.

6 December Capital Programme Monitoring and Additions Report

The Leader introduced the report which provided an overview of the updated capital budgets for this financial year, alongside the projected outturn position as at the end of March 2023.

This represented the third capital monitoring report of the 2022/23 financial year.

The last report received by Cabinet was the October Monitoring and Additions report. There were several additions and amendments made to the programme since then. Most of which related to the addition of specific grant-funded schemes. These total £8.283m, detailed in Appendix A, impacted across multiple financial years, with £1.4m added to 2022/23.

Cabinet were asked to approve these additions to the programme.

The total net impact of these additions and revisions would increase the total budget for 2022/23 to £89.8m.

Against the revised budget of £89.8m in 2022/23, expenditure totalling £61.3m was projected. This £28.5m variance was comprised of £27m of slippage and £1.5m of "true" net underspends and overspends.

The level of slippage increased by approximately £10m since the last report, due to delays and challenges across various schemes.

Cabinet was only asked to note the current forecast slippage, not to approve slippage at this stage of the year. Instead, slippage was being identified in each monitoring report and only in the final report of the year would Cabinet be asked to approve a total amount to be transferred to future years.

The report also outlined the current position in relation to the capital headroom which was made up of:

- £57k borrowing headroom.
- £258k capital expenditure reserve (this includes the potential commitment of £1.267m for band B)
- £1.474m of uncommitted capital receipts

The balance of headroom available took into accounts commitments already reflected within the Capital Programme, as well as provisional additional funding to take the overall Band B funding envelope to £90m, therefore, the capital headroom was currently £1.789m.

This overall amount of headroom, which steadily reduced over recent years, needed to be carefully managed and monitored in order to ensure that it was utilised when needed for the most critical issues over the medium term.

This need for careful monitoring and prioritisation of resources was heightened considering the challenges currently being faced in relation to rising construction industry costs and the competing priorities for capital resources.

Opportunities therefore, to add one-off contributions to the headroom needed to be taken as and when available, to ensure that the Council was able to react to emerging pressures and ensure that the full programme could be delivered.

Comments of Cabinet Members:

- Councillor Batrouni emphasised that the Council was still investing in the city, its services and schools. Cabinet budgeted an extra £39M for schools as well as £18M in economic regeneration for the city. This was a commitment to the regeneration projects and schools within Newport.

Decision:

That Cabinet

1. Approved the additions to the Capital Programme requested in the report (Appendix A).
2. Noted the predicted capital expenditure outturn position for 2022/23.

Noted the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.

7 Final Budget and MTFP: Final Proposals - 2023/24

The Leader introduced the final proposals on the MTFP budget for 2023/24. The report followed the one considered at December's meeting, which was approved as the basis for the public consultation on the draft budget proposals. The consultation was concluded and the report outlined the responses received to the consultation, changes in budgetary assumptions in the intervening period and final proposals for consideration. This was one of

the most important reports of the year and was given careful consideration, especially considering the financial context within which the Council and residents were operating.

The Leader gave a backdrop to the budget, outlining that the report represented the culmination of an incredibly challenging period, which began with Cabinet considering the implications as we transitioned out of the worst of the COVID-19 pandemic. At the beginning of the year, there was concern about the lasting impacts of the pandemic and a temporary COVID contingency was created to mitigate some of the uncertainties ahead.

What had transpired however, was quite different to what was expected, high inflation represented the single biggest challenge facing the Council and the wider economy. This resulted in pay awards being much higher than anticipated, placing a significant in-year pressure on finances as well as a lasting one that was being addressed as part of this budget. Additionally, energy inflation was running at historic levels, this affected budget planning for next year. It was not only the costs incurred by the Council, but its service providers were also facing the same pressures, which was being passed on to us.

Demand for services was also high and there were a number of significant pressures emerging. One example related to homelessness services, where the continued high demand for temporary accommodation placed an extraordinary financial pressure upon the Council. This draft budget addressed the current level of overspend to the tune of over £4m and allowed us to continue supporting some of the most vulnerable people in our city.

As a consequence of these pressures, our December budget report highlighted an unprecedented budget gap and a number of strategies was outlined to address this gap, including a proposed Council Tax rise and savings from all services. In the meeting itself, we outlined a specific approach in relation to schools, whereby the Council would meet the cost of certain pressures, with schools themselves being asked to absorb others.

The proposals set out within the report were those that formed the basis of the consultation with the public that concluded earlier this month. This was an incredibly difficult process and the decisions to consult on those proposals were not taken lightly. The Leader was therefore, pleased to see the high levels of engagement that the residents of Newport, and other stakeholders, had in this consultation process, evidenced by the vast array of responses received.

The report highlighted the different sources of consultation responses that were received, with just under 1,800 responses in total. This represented a significant increase on previous years, aided in part by additional bus Wi-Fi responses, driven by increased passenger numbers. As well as this, several engagement exercises were conducted, including a pre-budget survey, engagement with the Fairness Commission, engagement with the Youth Council, public consultation events and events with users directly affected by proposals. Responses were received from trade unions, scrutiny committees and Schools' Forum.

Appendices 1 to 4 provided the details of responses received and the Leader highlighted some of the key messages coming through.

It was clear from the outcome of the consultation that there was a degree of understanding of the situation decision-makers within the Council face. A range of responses to specific proposals were provided, particularly visible within the statistical analysis, where a spread of views of certain proposals was evident. There was also clear support for some proposals, and this provided Cabinet with assurance that the feeling of residents was reflected when making such proposals.

Some of the qualitative comments made were pertinent and, as a listening council, these comments were taken seriously by Cabinet, with a commitment to acting on those as and where possible. It was understood that reducing services in areas such as Social Services

was not going to be popular, as these were the services that safeguarded some of our most vulnerable people. Our approach was to avoid reductions to the most critical services and only cease or reduce services where the impact could be managed. Difficult decisions were required, Cabinet was looking to balance the impact across services as best as possible.

In terms of Council Tax, it was clear and pleasing to see that there was recognition that increases were unavoidable and that increases in the rate of Council Tax could enable the most vital services to be protected.

The Leader wanted to assure the public and other stakeholders that feedback was taken on board and used in determining our final proposals. Cabinet would continue to review the way in which Council consulted and the information included within the budget proposals to ensure as many people could fully engage with the process.

The development of the budget was an ever-changing process year on year and there was a number of key changes since issuing the draft proposals in December. The most significant of these, as announced in the Cabinet meeting itself, was the announcement of the draft Welsh Government settlement, which provided an additional £11.7m of funding over and above that already assumed. In addition, Cabinet incorporated the draft contribution from schools, as well as a number of other positive changes to budgetary assumptions, such as reduced pressures in certain areas, new non-service savings and the availability of specific grant funding to offset pressures that were previously assumed to fall upon the Council.

Whilst these movements provided welcome mitigation to a significant budget gap, there was inevitably some movements that only added to the pressure, such as the need to increase the assumptions around future pay awards, as well as other emerging pressures in certain services. The reports listed the updated assumptions.

The culmination of these movements meant that a balance in hand of circa £2.5m now existed. The Leader detailed how it was intended to target the balance in hand as effectively as possible, having taken into account the consultation feedback.

It was clear from the feedback received that there was a strength of feeling towards the short breaks provision currently provided at both Oaklands and Spring Gardens. Cabinet recognised that vital services such as these, which supported some of the most vulnerable people, needed to be protected as much as possible. The Leader therefore announced that the proposal in relation to Oaklands was to be withdrawn at a cost of £485k. In terms of Spring Gardens, the proposal would be reduced by £300k on a permanent basis so that some provision continued and as well as this, Cabinet committed to a one-off sum of £200k from re-prioritised reserves for 2023/24, to provide capacity for further continued provision and give some time for a review of the service to be undertaken and move it to a more sustainable footing.

Also, having carefully considered the feedback received, the decision to withdraw the proposal to introduce car parking charges at four countryside car parks. In addition, there would be no replacement bin charges during 2023/24, having considered the impact on residents struggling the most with the cost of living crisis. The proposal would be reconsidered and reviewed and only be introduced in a future year, if felt it was fair on all residents. The cost of withdrawing these two proposals was £90k.

In relation to Council Tax, listening to the views of Newport residents on the proposed 9.5% increase, it was understood that an increase of this size was challenging for residents, at a time when costs of other household bills were increasing. The Council was also facing the same cost pressures, coupled with a comparatively low rate of Council Tax to other Welsh local authorities. Cabinet was however committed to doing what it could for residents and proposed to reduce the increase in Council Tax to 8.5% to ensure that it was less than the current rate of inflation. For Bands A to C, the most common in Newport, this equated to an

increase of £1.39-£1.85 per week. This would still leave Newport with one of the lower Council Tax rates across Wales and the UK and those residents who received help with their Council Tax bills through the 'Council Tax Reduction Scheme' would continue to do so as Cabinet was fully funding that to keep up with this increase and the Council already adopted to apply the Wales wide scheme in this respect.

As a result of reducing the increase in Council Tax, and withdrawing or reducing the savings proposals just outlined, it reduced the balance in hand to £937k. Cabinet believed the best use of this residual amount was to reduce the requirement for schools to contribute to the budget gap. Cabinet recognised that this still left schools with a challenge to face heading into 2023/24 and, to assist with this challenge, was committing to use nearly £1.9m of repurposed earmarked reserves to target financial support for those schools who needed it the most. Taking this into account, meant a commitment of £9m towards the pressures being faced by schools in 2023/24.

In addition to using re-purposed reserves to support Spring Gardens and schools, Cabinet intended to provide temporary support to Growing Space for the next two years and provide temporary support to the EAS to enable a partial deferral on the proposed saving on our annual contribution. Again, these savings allowed for service reviews and changes to take place which provided a better and more sustainable services to go forward, some of which supported our most vulnerable people.

As well as this, £150k of existing reserves would be used so that changes to services for people with a learning disability could be reviewed and tapered over the coming year.

Furthermore, for Cwtch and the Barnardo's partnership, officers worked to remodel the service using radical reform grant funding. The current staff and all their experience and skills would be part of this remodelling. This meant, in effect, that the savings proposal would be delayed by two years.

Re-purposed reserves would provide one-off further investment in the city centre, ensuring that we supported and sustained the recovery of the city centre coming out of the pandemic. This included the Council's support on Business Rates for those eligible businesses in the city centre so that in 2023/24, alongside the WG rate support scheme, they had no business rates to pay.

By allocating the balance in hand, it meant that Cabinet proposed a balanced budget for 2023/24, as per our legislative requirement. This was achieved without the general use of earmarked reserves to balance the budget. This was because the use of the re-purposed reserves would be for either one-off uses or to provide one to two years support only so that services could be reviewed and changed to both make savings in the future and be more sustainable whilst providing a better service and outcome. Some may question this approach, particularly considering some of the difficult savings that were put forward, however as a responsible council, financial management was taken very seriously. Use of reserves would be an easy option, although it would only store up problems for next year and beyond. The Council would still ultimately make the same level of savings, plus we would then have to replenish any reserves used. For this year, it was therefore right to act responsibly and ensure a sustainable financial footing for this Council.

Whilst the process of developing a budget for 2023/24 was incredibly challenging, unfortunately the outlook for the medium term did not look any easier. Oaklands, Appendix 7 to the report highlighted a potential budget gap of £15m in 2024/25 and another £12m in 2025/26. Whilst these figures were lower than the initial gap in 2023/24, there remained a significant amount of uncertainty, both in terms of ongoing inflationary pressure and demand for services, as well as the funding to be received from central government. Whilst Welsh Government provided an indicative settlement for 2024/25, this depended upon the settlement they received from UK Government, which was subject to change. There was a

possibility that the medium-term gap could be worse than modelled, additionally, it came against the backdrop of the challenging decisions already taken in readiness for 2023/24.

It was therefore highly likely that further challenging decisions around Council Tax and savings would be needed in the future. To address this, it was a necessity for the Council to continue to reflect on the way it operated and look at ways to deliver services differently. Services needed to be transformed to deliver better experiences for citizens and service users, on a lower cost base. We needed to look at things differently to ensure a modernised, sustainable council, fit for the 21st century going forward.

The Leader reiterated it was an incredibly difficult process, thanked Cabinet colleagues and the officers who worked tirelessly to ensure that the proposals to the balanced budget. Under the circumstances, this was a fair, sustainable and responsible budget.

Only full Council could approve the overall rate of Council Tax for 2023/24. Cabinet were also asked to recommend an overall net budget and resulting Council Tax for approval at the Council meeting on 28 February 2023.

Comments of Cabinet Members:

- Councillor D Davies thanked those residents who participated in the consultation process and also thanked officers who worked incredibly hard in support of this report. Cabinet had met with union leaders and teachers there were difficult decisions that had to be taken. It was hoped that they would agree that Cabinet listened carefully. The Deputy Leader advised that whilst there was a Council Tax increase, Newport had the lowest in Wales. At Council recently, the Council Tax Reduction Scheme was unanimously agreed, to allow council tax exemption for those in need; these were students, people that lived alone, carers and those with disabilities amongst others that were also eligible, including those on a low income. Finally, turning to Education, it was welcomed to see the extra £937,000 being given to support our schools and it was hoped that with careful scrutiny Newport schools would balance their budgets this year.
- Councillor Harvey met with residents who expressed their upset over the original proposals to Oaklands and the Cabinet Member advised them to complete the consultation form and was pleased that they did as a result this gave them a voice. It was pleasing to see that residents out the consultation and that people understood the budget pressure that the Council was under.
- Councillor Hughes mentioned that during the consultation period he and his Cabinet Member colleague had met with key services that faced the hardest of potential outcomes and therefore took the opportunity to thank all those who contributed to the consultation particularly those in Spiring Gardens and Growing Spaces. The Cabinet Member thanked the senior management team in social services and social workers. Individuals who contributed in the consultation such as the residents in Oaklands made an emotional impact and it showed that there was value to consultation in Newport and listening to their stories made a difference. The focus throughout was to protect the vulnerable and Councillor Hughes was therefore pleased to protect projects that meant so much to the people in Newport.
- Councillor Lacey welcomed the budget, which show that Cabinet had taken into account the public consultation, especially with regard to Spring Gardens and Oaklands. Whilst there was an 8.5% increase in Council Tax, by comparison to other councils particularly in England where the increase was over £100 by comparison to the average of £96.20 per year, the increase was lower. It also meant however that the increase would allow those who cannot afford to pay their Council Tax to be eligible for the Council Tax Reduction Scheme, as mentioned by the Deputy Leader. We were a listening council and listened to the most vulnerable residents.

- Councillor Marshall added that in considering the budget, it was warming to see collective work to protect education and social services. We listened to residents, parents and staff and scrutiny committees. There were some good suggestions put forward by residents during the public consultation. The Cabinet Members for Social Services were deeply thankful for contribution from the parents Oakland residents. Councillor Marshall also expressed his appreciation to all involved and as a result felt that we were in a fairer position as well as putting education and social services at the heart of what was being done.
- Councillor Forsey mentioned that the range of proposals was wide and that the decision made to produce this budget was difficult but logical and caring. When it came to considering the reduction of bin collection or keeping Oaklands open, there was no comparison. The Cabinet Member reminded everyone of the range of recycling facilities which would help towards the three weekly bin collection.
- Councillor Batrouni also supported the proposals to the budget report.
- Leader thanked Cabinet colleagues and officers who worked tirelessly to bring forward the budget proposed today. The Leader echoed sleepless nights as referred to by Councillor Davies and understood that was also how the officers also felt and thanked them once again. The budget was a fair, sustainable and responsible budget, which prioritised the most vulnerable.

Decision:

Cabinet in relation to Budget proposals and medium term plan (section 3-5)

1. Noted the formal consultation on the budget as outlined in section 4 and the feedback received, shown in Appendices 1 to 4.
2. Noted the equality issues and the Fairness and Equalities Impact Assessment (FEIA) on the budget proposals, shown in Appendix 9.
3. Reviewed and confirmed budget proposals (appendix 5 - 6), as summarised in the Council's Medium Term Financial Plan, with the exception of the following changes:
 - The proposal in relation to Oaklands will be withdrawn at a cost of £485k
 - In terms of Spring Gardens, the proposal will be reduced by £300k on a permanent basis so that some provision will continue and as well as this, we are committing a one-off sum of £200k from re-prioritised reserves for 2023/24 only, to provide capacity for further continued provision and give some time for a review of the service to be undertaken and move it to a more sustainable footing.
 - To withdraw the proposal to introduce car parking charges at four countryside car parks
 - To withdraw charges for a replacement bin
 - To reduce the requirement for schools to contribute to the budget gap by £937k
 - To make available, from re-purposed reserves a sum of £1.87m one-off to support schools that need it the most during 2023/24
 - Provide temporary support to Growing Space for the next two years at £100k and provide temporary support for 2023/24 only to the EAS at £79k to enable a partial deferral on the proposed saving on our annual contribution
 - Cwtch and the Barnardo's partnership, officers have worked to remodel the service using radical reform grant funding. This means, in effect, that the savings proposal will be delayed by 2 years
 - Re-purposed reserves will also provide one-off further investment in the city centre, to ensure that we support and sustain the recovery of the city

4. Agreed the 2023/24 fees and charges of the council shown in appendix 11.

Cabinet in relation to Overall revenue budget and resulting council tax 2023/24 (section 6 and 7)

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.
6. Reviewed and agreed the re-purposing of specific earmarked reserves as set out in Appendix 10a
7. Proposed to reduce the proposed increase in Council Tax to 8.5% to ensure that it is less than the current rate of inflation and which will fund their budget requirement.
8. Recommended an overall net budget and resulting council tax to full Council, noting that a formal resolution including the Police and Crime Commissioner for Gwent and Community Councils' precepts would be presented to Council on 28 February.

Approved expenditure and use of reserves in line with the summary shown in appendix 10b, noting they were based on detailed proposals reviewed by Cabinet in their December 2022 meeting.

8 **NCC External Pressures - Cost of Living**

The Leader introduced the latest update on the external pressures impact on Newport City Council's services, as well as providing a summary of actions taken with local partners.

This monthly report provided an overview of the current wider economic impact in the UK and Wales since the last report presented at Cabinet in January 2023.

For many residents this was one of the most difficult periods they had experienced, and Cabinet continued to do all it could in collaboration with key partners across the city.

With these pressures continuing, the Leader urged all residents experiencing difficulty to contact the council for information on the advice and support available to help with household bills and other financial obligations.

During times such as these, the ability to work in partnership to support our residents, businesses and staff was of utmost importance

The commitment of officers and our partners to work together to make a difference and support people to access help, advice and support was clear in all conversations taken with the Leader internally, locally, and nationally both in her role as Leader of the Council and as Chair of our OneNewport partnership.

This issue was being felt across Wales and wider. The Leader continued to raise the need for support at every opportunity and ensure, as a council, support for local and Welsh Government initiatives to maximise the help that Council and its partners were able to provide.

With the media reporting charities seeing an estimated 30% increase in those accessing food banks, the Council continued to work in partnership with GAVO to provide assistance to food banks across the city.

The report outlined how schools were maximising the funding and support they could access and provide to children and young people to help families in need across Newport.

During cold weather spells, residents were encouraged to access warm spaces across the city for warmth and for sources of support and advice.

As a city with a long history of welcoming people seeking sanctuary offering a place of safety for those fleeing conflict and persecution, the Council continued to support refugees to find accommodation and access support.

Comments of Cabinet Members:

- Councillor Davies mentioned half term next week and thanked WG for their voucher scheme, appreciating that it was difficult for families on low income and child care provision to cover the cost whilst schools closed for the week. Needed to focus on next summer school foundation phase, every child would be entitled to Free School Meals which would be rolled out in September.
- Councillor Lacey referred to support from GAVO and food banks and thanked Raven House and other food banks for their help within the city. There was an uptake of food banks and between both Always and Ringland wards Councillors Lacey and Harvey were covering 50 food parcels a week. There was also an uptake in other wards and Councillor Lacey stressed that if residents needed help with food parcels, they should not hesitate to contact any ward member, even if it was out of their ward.
- Councillor Hughes spent time in Isca Haven in Caerleon, this project ended today and therefore the Cabinet Member took opportunity to thank the thirty volunteers who helped from October to February with finance and energy issues. In addition, Councillor Hughes thanked a new agency recently set up in Caerleon, called Kindness Exchange for providing food past its sell by date to local community and wider public. Finally, if there were people in need of food or agencies that could provide support please do not hesitate to get in touch.
- Councillor Forsey mentioned the impact of Brexit, where residents were £1000 year poorer with an increased need for warm spaces.

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.

9 Work Programme

This was the regular monthly report on the work programme.

Please move acceptance of the updated programme.

Decision:

Cabinet agreed the Work Programme.