

Minutes



Cabinet

Date: 13 September 2023

Time: 9.30 am

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 received.

2 Declarations of Interest

None received.

3 Minutes of the Last Meeting

Minutes from 12 July 2023 were accepted as a true record.

4 Revenue Budget Monitor

The Leader presented the first report on the agenda which explained the current forecast position on the Council's revenue budget and the financial risks and opportunities that presented themselves as part of the July update.

This was the first revenue monitor report being presented to Cabinet for this financial year.

Against a net budget of £373m, the forecast position reflected an underspend of just over £3million. This considered the contingency budget and the anticipated in-year underspend against capital financing budgets.

Whilst an overall underspend was projected, it was noted that service areas were collectively forecasting to overspend by £3.7m, excluding schools. This update provided confirmation that some of the known risks at the start of the year had materialised and were causing significant overspend, especially within Children's Services. As anticipated, at the time of the July update it was proving possible to offset service area overspends with the general contingency and underspends within capital financing.

The key areas contributing to the £3m forecast underspend position included:

- (i) Increased demand across key social care areas including children's out of area and emergency placements. These two areas alone contributed an overspend of almost £4.5m to the overall service position.
- (ii) Increased demand within adults residential and non-residential service also contributed £2m to the overall service position. This was, however, offset by the

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overachievement of community care income because of an increased number of users contributing to their care.

- (iii) Significant pressures were evident within Housing and Communities, in relation to homelessness. Despite the Council allocating a significant budget increase for 2023/24, to address the ongoing impact of the overspend incurred last year, costs had increased further and an overspend of £711k was projected. This was an area that has seen a significant increase in costs over the last two years, following the Welsh Government's policy aim to significantly reduce homelessness.
- (iv) There were forecasted underspends against non-service budgets, specifically the general contingency and capital financing. Savings in these areas, as set out within the report, were more than offsetting the net service area overspends, resulting in an overall underspend for the whole Council.
- (v) There was an anticipated shortfall against the delivery of 2023/24 and prior year savings of over £1.6m. The two services responsible for most of the shortfall are Adult Services and Housing and Communities. Within Housing and Communities, it was not possible to evidence achievement of this saving, especially given the overall overspend in this area. Within Adult Services, only partial achievement was being forecast, partly due to a lack of available resources to undertake the work to realise the savings. It was, however, anticipated that these would be fully achieved in readiness for the next financial year.

As school variances are managed via individual school's balances, the overall underspend of £3m did not include the schools' position. Schools were collectively forecasting an overspend against a budget of £5.8m which would see balances reduce from £14.4m to £8.6m by the end of the financial year.

Considering the significant level of savings that schools needed to deliver during 2023/24 and the level of recurring expenditure included within the £5.8m overspend, officers continued to closely monitor school balances over the medium term as part of the Council's deficit avoidance and prevention strategy.

As the first reported revenue monitor of the year, it was clearly subject to change as the year progressed and new issues and opportunities emerge.

As explained within the report, the prospect of additional grant funding from Welsh Government is potentially less dependable than it may have been in previous years, following the recent announcement by the First Minister.

In addition to the risk of grant funding not materialising, there were other risks that could negatively impact the position, including:

- (i) The cost of pay awards exceeding the level of provision contained within the budget, especially in the case of the National Joint Council (NJC) pay award, which was not yet finalised.
- (ii) Other inflationary pressures emerging, despite the gradually reducing level of inflation.
- (iii) Demand pressures increasing further and resulting in increasing overspend against demand-led services, such as Housing and Communities and Children's Services.

Given that there is a risk that this position could change, every effort must be made to mitigate overspending within service areas and to bring the service area position back towards a balanced position by the end of the financial year.

Whilst an underspend was forecast in the report, there remained the possibility that this position could worsen as the year progresses. Constraints upon capital resources and

delivering an underspend on the revenue budget may assist with this challenge. To support this, overspending service areas must take steps to improve their position and underspending service areas should continue to ensure that their position does not deteriorate during the remainder of the year.

Comments of Cabinet Members:

- Councillor Davies mentioned that the Council was in uncharted territory, with the First Minister recently announcing an overspend of £900m. Councillor Davies went on to say that Cabinet Members work hard to ensure robust forecasting is in place and that there are no hidden surprises. As Cabinet Member for Early Years and Education, the in-year cuts impact on grant provision is extremely concerning. Cabinet will focus on service delivery where possible and must prioritise statutory responsibilities.

Decision:

Cabinet

- Noted the overall budget forecast position outlined within this report, which comprised of service area overspending, offset by underspends against non-service budgets.
- Noted the risks identified throughout the report and in the Head of Finance comments, such as in relation to demand issues being faced and the unconfirmed NJC pay award for 2023/24.
- Noted the overall shortfall in the delivery of savings accepted as part of the 2023/24 revenue budget.
- Noted the forecast movements in reserves.
- Noted the overall position in relation to schools, acknowledging the risk that some individual deficit positions could emerge by the end of the financial year.

5 **Capital Budget Monitor**

The Leader introduced the next report for consideration, the Capital Programme monitoring and additions report for July 2023.

This is the first monitoring report of the year on capital activity which provides an overview of the updated capital programme, alongside the projected outturn position as of July 2023.

The report outlined the changes made to the programme following a reprofiling exercise that was recently completed and provides an update on the level of available capital headroom. The report also sought Cabinet's approval for the additions to the programme that were included.

The first section of the report outlined the movement in the capital budget since the 22/23 Outturn report was presented to Cabinet.

Since then, there have been additions and amendments to the current capital programme with a net value of £5.9m; a breakdown of these additions is provided in Appendix A. Cabinet was asked to approve these additions and amendments.

Including the additions, the budget for 2023/24 as of July 2023 increased to over £100m, which is challenging, particularly when compared to the level of expenditure incurred in previous years.

An exercise was undertaken to review the anticipated profile of spend for each scheme over the summer, with the aim of ensuring an improved starting budget position. As a result, this year's budget has reduced by £15.8m, with corresponding increases in future years. Even following that exercise, the revised capital programme for 2023/24 is still substantial and was challenging to deliver in full at £84.9m.

As part of the recommendations of this report, Cabinet was asked to approve the slippage that was identified following the reprofiling exercise. Following the same approach as last year, any further slippage identified throughout the year would only be subject to approval as part of the final outturn report, once the final position was known.

- The report also detailed the level of capital headroom currently available, which could be used to support new schemes and emerging priorities. The capital headroom was reported as £11.942m, having increased by £2.2m since outturn following our decision made in July Cabinet to transfer part of the revenue underspend from 2022/23 into the capital expenditure reserve.

Since then, a provisional amount of £600k was committed against the headroom, in relation to the potential demolition of Millbrook Primary School. That decision was subject to a separate report within the Cabinet meeting and, if agreed, would reduce the headroom to £11.3m.

Whilst the level of headroom appeared reasonable, there remained a need to tightly control its use, so that the Council was able to respond to critical issues, as and when they emerged. This requires clear prioritisation of only the most pressing and urgent issues.

In addition, any opportunity to further increase the headroom must be taken, so that it is possible to support as many priorities as possible and ensure that sufficient funding exists to respond to any issues that may arise.

The 2021 Treasury Management Code introduced a new requirement that monitoring of the treasury management indicators and non-treasury management indicators should be reported on a quarterly basis.

Historically, these were reported twice a year, via the Treasury Management monitoring reports. However, to comply with the new requirement, these are detailed in Appendix D of the report. As of 31st July 2023, the Authority complied with all its treasury management indicators.

Comments of Cabinet Members:

- Councillor Davies mentioned the challenging times and the difficulty in sourcing materials and a skilled workforce which created constraints on the building programme. The Cabinet Member for Education and Early Years remained committed to improving the lives of residents in Newport through ensuring plans were delivered.
- Councillor Harvey agreed with Councillor Davies' comments.

Decision:

Cabinet

- Approved the additions to the Capital Programme requested in the report (Appendix A).
- Noted the predicted capital expenditure outturn position for 2023/24.

- Approved the reprofiling of £15.8m from the 2023/24 budget into future years.
- Noted the available remaining capital resources ('headroom') and the earmarked usage of that resourcing.
- Noted the inclusion of the Treasury Management prudential indicators, included within the report.

6 Demolition of Millbrook Primary School

The report presented by the Leader provided an update on the school site and referenced the recent correspondence with parents, staff, and governors, which confirmed that the Council intended to deliver a replacement school build project rather than repairing and reoccupying the existing building.

Given the risks associated with maintaining a vacant and obsolete building, the report sought Cabinet's approval for the early demolition of the current school building.

Council was advised in July 2022 of significant problems relating to the Millbrook Primary School building and as a result, the school was relocated to Brynglas Adult Training Centre whilst further investigations were undertaken.

These investigations concluded that the school building could not be reoccupied without extensive improvement works, and therefore the school continued to operate from Brynglas whilst the Council considered the most appropriate solution for the site.

The Millbrook Primary School building has been left vacant since September 2022, but in recent months has suffered from extensive break-ins, vandalism, and anti-social behaviour.

The Council had advised that a replacement school build project progressed, as the current school is now obsolete. Given the risks, approval was sought for its early demolition.

An estimation of £600,000 was provided for this work, and approval was also sought to allocate funding from the Capital Headroom for this scheme.

The demolition costs could however be included as part of the overall replacement school build project and would also benefit from Welsh Government's agreed intervention rate for Sustainable Communities for Learning projects.

Comments of Cabinet Members:

- Councillor Davies acknowledged that it was a very difficult year for the school, staff, families, and children. Considerable work had gone into ensuring that Brynglas Adult Training Centre was a safe place for learning and the Cabinet Member thanked everyone involved. From this challenge there is an opportunity to provide a new asset that would benefit children's lives. Demolition of the school was necessary as the site was the focus of vandalism and anti-social behaviour. The sensible solution was to demolish the school and start making plans to rebuild.

Decision:

- Cabinet agreed that the current Millbrook Primary School building should be declared as surplus and that arrangements be made for its demolition, and Cabinet approved £600,000 to be allocated from the Council's Capital Headroom to fund the scheme.

7 Replacement Local Development Plan

The Leader presented the next report to colleagues on the Replacement Local Development Plan (RLDP) Preferred Strategy.

The report asked for Cabinet approval firstly to endorse the Council's responses to comments received on the Growth and Spatial Options consultation and secondly, to endorse the Preferred Strategy and recommend to Council that a formal community consultation commences in October.

These recommendations are in line with the timeline included in the Revised Delivery Agreement that was approved by Council and confirmed by the Welsh Government in January 2023.

The Growth and Spatial Options consultation was an informal stage of consultation that ran for six weeks from January to March 2023. The responses received were used to inform the proposed Preferred Strategy.

The options paper provides a high-level analysis of the various options for housing and employment land growth going forward, up to 2036, which is the lifetime of the new LDP.

Newport was identified as a National Growth Area in Future Wales: The National Plan 2040. This is the top tier of the Development Plan for planning purposes and all local level plans need to be in accordance with the national plan.

The Leader was pleased to report that 68 consultation responses were received from a wide array of stakeholders. These responses were summarised in the Cabinet Report and included in full in Appendix A, along with the Council's proposed response. There was a general acceptance that Newport needs to grow sustainably, including the identification of new housing and employment land.

The Council responses advised how the issues raised during consultation have or would be addressed.

The Leader reiterated the importance of the consultation responses as they were used to inform the Preferred Strategy alongside a considerable amount of background evidence and reports. The full document is included in Appendix B.

To formally progress a Preferred Strategy, a formal consultation period is required, and the regulations state that this should be for a minimum of six weeks. It was noted that the proposed consultation would begin in October and run for eight weeks. The consultation plan includes various methods of engagement and exercises to ensure a wide audience is reached.

The overarching strategy is for **9,570 new homes** and **8,640 new jobs**. With this level of growth, the agreed Vision of making Newport a destination where people want to live, work and visit could be achieved. This also aligns with the Welsh Government's aspirations for growth in Newport.

To deliver this growth, a hybrid spatial strategy is proposed that focusses on Previously Developed Land but also acknowledges that some greenfield land within and adjoining settlements was required to deliver the strategy, alongside some smaller development within villages. Details of proposed key sites of 300+ dwellings were outlined in the strategy.

It is important to remember that it is a strategy for consultation, the views and opinions of all stakeholders are welcomed. All responses will be considered in detail and used to inform the Deposit Plan which will be brought back to Cabinet around this time next year.

Finally, the report noted that a verbal update from the Place and Scrutiny Committee would be provided at their meeting on Monday.

Comments of Cabinet Members:

- Councillor Clarke referred to the extensive report, which the Leader summed up well. Councillor Clarke felt that it was important to mention that Newport is a national growth area, as shown in the 2021 census data and there must be the right plan in place to meet the needs of current and future residents. Councillor Clarke went on to say that there must be provision for good quality new housing and employment to support new and growing businesses. It was encouraging to see the responses on the growth and options consultation, as this is an important part of the planning process. Councillor Clarke confirmed that the minimum of six-week consultation period would be extended to eight weeks in order to hear residents' views. The Cabinet Member added that he attended the Performance Scrutiny Committee for Place and Corporate earlier in the week and the committee was happy to recommend that the consultation could take place. Finally, Councillor Clarke thanked officers in the Planning team for their hard work and endorsed the report.

Decision:

Cabinet:

- Noted the comments on the Growth and Spatial Options (GSO) and endorsed the responses provided in Appendix A.
- Endorsed the Preferred Strategy consultation paper, provided in Appendix B, and recommended to Council that a formal community consultation was commenced.

8 Corporate Risk Register Update (Quarter 1)

The next item presented by the Leader was an update of the Council's Corporate Risk Register for the end of Quarter 1 (1 April 2023 to 30 June 2023).

Cabinet Members were asked to consider the contents of this report and the monitoring of these risks in the Corporate Risk Register.

The Council's Risk Management Policy and Corporate Risk Register enables the administration and officers to effectively identify, manage and monitor those risks which could prevent the achievement of strategic priorities and provision statutory duties.

The Quarter 1 risk report will be presented to the Council's Governance and Audit Committee later in the month to review the Council's risk management process and governance arrangements.

At the end of Quarter 1, Newport City Council had 43 risks recorded across the Council's eleven service areas. Those risks deemed to pose the most significant risk in the delivery of the Council's Corporate Plan and services were escalated to the Council's Corporate Risk Register for monitoring.

At the end of Quarter 1, 15 risks were recorded in the Corporate Risk Register.

- 9 Severe Risks (15 to 25).
- 6 Major Risks (7 to 14).

In comparison to Quarter 4, one risk was escalated, *Failure to achieve completion of the annual Internal Audit plan*.

- The Council's Internal Audit team provides an important service ensuring the Council's services have effective internal control, governance, and risk management arrangements in place.
- The loss of staff from the team in the last quarter was unprecedented and the Council has engaged with an external consultancy service to provide additional support in the interim to carry out audit work while the Council undertook a recruitment campaign.
- Regular updates and assurances would also be provided to the Council's Governance and Audit Committee, by the Leader, and the Council's Chief Executive.
- The remaining 14 risks were reported with the same risk score as in quarter 4.

Decision:

- Cabinet noted the contents of the Quarter 1 update of the Corporate Risk Register.

9 Climate Change Annual Report

The Leader presented the Climate Change Plan Annual Report for 2022/23.

The purpose of the report is to provide an update on organisational emissions for 2022/23 and the projects supporting decarbonisation efforts.

This is the first full annual report of the Climate Change Plan which was signed off by Cabinet in March 2022. The Climate Change Plan sets out how the Council will reach Net Zero by 2030 in line with commitments.

Overall, Carbon emissions are down; excluding procurement, operational emissions have reduced by 7.69% since 2021/22. The Leader thanked everyone for their efforts on this achievement.

A change in how the Council was required to report procurement emissions has led to an up-to-date figure, which was much lower than previously reported. As a response to changes in the reporting guidance, engagement has been initiated with the supply chain to start to build more detailed figures, specific to Newport.

With a city-wide Local Area Energy Plan now in place, actions in Year 2 of the climate change plan have a much tighter focus on organisational emissions. Most actions for Year 2 of the plan have in-year completion dates allowing better management of performance.

An important detail to note is the recommendation for the separation of Action Plans from the main Organisational Plan. Action Plans will be publicly available but separating them from the body of the Plan itself means that the Plan does not need to be amended and re-published on an annual basis in its entirety.

Climate Change projects of note in the past year include:

- The roll-out of Carbon Literacy training to members and senior managers and the achievement of Bronze Accreditation status.
- The establishment of the Climate Change Staff Network which has over 30 members who meet monthly.

- The installation of more solar panels through Egni, the community solar co-operative.
- Installation of Air Source Heat Pumps at Caerleon Comprehensive.
- The achievement of Tree City of the World Status in recognition of the management of tree stocks.
- Completion of the Devon Place Bridge to support active travel across the city.
- Changes to procurement processes to support decarbonisation through the larger purchases made. Soon every procurement over £75,000 would need endorsement from the climate change team.

In the coming year, the main areas of focus for the Climate Change Plan would be:

- The ongoing decarbonisation of heat in Council buildings, removing the need for fossil fuels use where possible.
- The delivery of widespread EV charging.
- Evaluating the decarbonisation potential of the land we own.
- The development of internal and external communications plans to ensure that we are communicating with and engaging staff and the public.

Comments of Cabinet Members:

- Councillor Forsey referred to the adverse environmental events seen across the globe this year, which have a devastating toll on communities and on food production. It is therefore vital that this work is progressed. Councillor Forsey confirmed that there has been progress on decarbonisation as mentioned in the report, as well as progress on electrical vehicle (EV) charging. In addition, Newport has received Tree City Status. All of this is good progress but must continue.
- Councillor Hughes thanked the Cabinet Member for Climate Change and Biodiversity and teams within Newport and remarked that it is important to stay on track for delivery for future generations.
- Councillor Davies referred to the retrofitting work being undertaken in schools and the installation of the heat pump in Caerleon Comprehensive. Not only does this contribute to carbon neutrality but helps to reduce heating costs and the future budgets within schools.

Decision:

- Cabinet reviewed progress and approved the Annual Report.

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

The Leader updated Cabinet on the monthly report regarding external pressures that residents, businesses, communities, and Council were facing and provided an outline of how the Council was working collaboratively to provide advice, guidance, and support across Newport.

The main pressures highlighted in this month's report related to the ongoing cost-of-living crisis, housing, and homelessness.

The cost-of-living crisis is also contributing towards the ongoing pressures on housing and homelessness services in the city with private rents exceeding the Local Housing Allowance Rate paid to residents in privately rented accommodation.

The Leader of the Council and Chair of OneNewport, continued to advocate for partnership working to support residents and businesses, and urged 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.

The report provides information on the pressures faced in communities and how officers from across the Council and partner agencies continue to work together to provide residents with support, advice, and guidance.

Officers across the Council are working in partnership with Housing Associations, through the recently released Welsh Government Transitional Accommodation Programme, to increase successes in preventing homelessness and maximise the provision of new homes.

Free and low-cost summer events were facilitated throughout the summer to provide support including providing access to items such as free period products and pre-loved school uniforms.

The Leader was pleased to announce that Newport City Council provided additional financial and practical support to communities over the school holidays to help tackle food poverty, working in partnership with GAVO and Newport Live on summer initiatives with free lunches, additional support through foodbanks, and providing supermarket vouchers to approximately 1,000 of the most vulnerable households within Newport.

Comments of Cabinet Members:

- Councillor Harvey referred to the impact that the cost-of-living crisis has on all families.
- Councillor Davies thanked Newport Live who supported children during the summer. In Beechwood Park, there was a Summer Fun Day. This was a free day put on by Newport Live and volunteers. There were also wellie walks with over 70 children attending making the most of the wet days.

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.

11 One Newport - Summary of Business

Cabinet noted the Summary of Business.

12 Work Programme

This was the regular monthly report on the work programme.

Decision:

Cabinet agreed the Work Programme.