

Minutes



Cabinet

Date: 13 September 2017

Time: 4.00 pm

Present: Councillors D Wilcox (Chair), P Cockeram, G Giles, D Harvey, R Jeavons, D Mayer, J Mudd, R Truman and M Whitcutt

In Attendance: W Godfrey (Chief Executive), J Harris (Strategic Director – People), G Price (Head of Law and Regulation), R Cornwall (Head of People and Business Change), M Rushworth (Head of Finance), K Duffin (Head of Regeneration, Investment and Housing).

1 **Declarations of Interest**

Councillor Mudd declared an interest in Item 7: Newport City Homes Governance Changes, as a board member for Newport City Homes.

2 **Minutes of the Last Meeting**

The minutes of the meeting held on 19 July 2017 were confirmed as a true record.

3 **Wales Audit Office Annual Improvement Report**

The Leader of the Council invited Wales Audit Office colleagues to the meeting, to present the Annual Improvement Report for 2016/17, describing how the Council is meeting its duty to demonstrate continuous improvement under the Local Government Measure (2009).

Drawing on the audit and inspection activity carried out in the last year, the report concluded that the Council was meeting its statutory requirements in relation to continuous improvement.

The Leader welcomed the news that the Council was continuing to improve, despite the financial, legislative and population growth challenges it was facing. It was noted that no new formal recommendations were made in the last year, and the proposals for improvement from the various studies had been incorporated into the appropriate plans to ensure they were acted upon and monitored.

The report included a summary of the WAO's governance review findings, which would be discussed under the next item. It was also highlighted that the Data Quality Review would be reported shortly as a Cabinet Member decision report.

Decision:

To welcome the findings of the Auditor General in the Annual Improvement Report, and ensure that the council is putting in place arrangements to address the issues identified in this report.

4 **Wales Audit Office Governance Review**

Wales Audit Office colleagues presented their second report: “Good Governance when Determining Significant Service Changes – Newport City Council”. This was part of a national review undertaken by Wales Audit Office across all Welsh Councils, and the report detailed the findings for Newport City Council. A national summary report was also in the process of being collated.

WAO “concluded that the Council’s governance arrangements for determining significant service change are improving, and it recognises that its vision and change programme needs to be refreshed to strengthen its arrangements further”. WAO colleagues reported that the Council’s governance arrangements were clear and well understood, and progress had been made since the Corporate Assessment. Pre-decision scrutiny had increased, and it was positive to note that officers were prepared to put forward a full range of options for discussion by Members. The Council had effective arrangements for stakeholder engagement, although improvements could be made to how the Council then made use of this information. There was also opportunity to improve monitoring of the impact of service change, for example by agreeing monitoring arrangements before changes were agreed. Overall, this was a positive report, showing that the Council was learning from previous projects and the corporate assessment.

The Leader thanked WAO colleagues for their presentation, and welcomed the positive findings of the report. The Leader also noted the best practice examples from Newport that had been highlighted as part of the national review, including the ward profiles and our approach to the wellbeing assessment. The Leader commented on the positive changes made in democratic services in the recent months, and the administration’s commitment to improving the Council’s scrutiny and governance arrangements.

Cabinet Members spoke in support of the report’s findings, commenting in particular upon the additional challenges presented by the Council’s current financial position. The Chief Executive also highlighted that the Council’s staffing levels had decreased by 20% in recent years, recognising the additional pressure this placed on the remaining workforce, and praising the hard work of Council staff.

Decision:

To receive the findings of the Good Governance When Determining Significant Service Changes report, and agree the proposed actions to address the proposals for improvement.

5 **Newport City Homes Governance Changes**

The Leader of the Council introduced the report, which asked Cabinet to make recommendations to Council to approve changes to the rules of procedure and internal governance arrangements for Newport City Homes (NCH). The proposal was to move in line with the new model rules approved by the Welsh Government and the Financial Conduct Authority, which it was proposed would provide a more robust, modern and flexible governance framework to enable the organization to develop and move with the times.

The Cabinet Member for Regeneration and Housing presented the detail of the report, highlighting the changing operating context for Registered Social Landlords in Wales, and the need to respond to changes in terms of the legislative and regulatory framework. The new model rules were launched in May 2017, and the report would allow NCH to move forward with these changes. It was highlighted that a similar process had been followed by the Council in relation to Newport Housing Trust, where the Council had approved governance changes to support the organization as it reached maturity. The Cabinet Member also underlined the ongoing relationship that would exist between NCH and the

Council, with strong partnership arrangements in place through the Public Services Board and the new Scrutiny Committee focusing upon partnerships.

Cabinet Members spoke in favour of the proposals, commenting that the proposed arrangements would arguably result in a more constructive relationship with NCH, with the Council able to act as a “critical friend”. Cabinet Members commented that the changes were in anticipation of likely legislative changes in the future, and this represented sector-leading practice. Members also highlighted the excellent approach taken in response to the tragic events of Grenfell Tower, both in terms of the actions taken and the information provided to tenants.

Decision:

That the Cabinet make the following recommendations for adoption and ratification by full Council:

- a) That the Council consents to the proposed changes in governance arrangements;
- b) That the Council approves the proposed amendments to the Rules to implement these governance changes;
- c) That the Council’s corporate vote be exercised in favour of the proposed special resolution, whether in person or by proxy, at the Special General Meeting of Newport City Homes convened for this purpose;
- d) That the Head of Law and Regulation be authorised to agree and complete a Deed of Variation to the Stock Transfer Agreement, to reflect these changes.

6 Corporate Plan

The Leader of the Council presented the draft Corporate Plan, which set out what the Council intended to do over the next five years to Build on Success and Build a Better Newport. The draft plan outlined how the Council intended to achieve its goals, and how it would meet the statutory responsibilities required by the Wellbeing of Future Generations Act. The draft plan also included the Council’s Wellbeing Objectives, agreed by Cabinet and published in March.

The plan was currently in draft form, and would be going to the relevant scrutiny committee for consideration before the final version was agreed and recommended to Council for adoption. The Leader thanked staff and Cabinet colleagues for their input into developing the plan, and translating the manifesto pledges of the administration into corporate aims and objectives for the current five-year term.

Decision:

To agree the draft Corporate Plan for consultation with Scrutiny.

7 Improvement Plan 2016-18: Year End Review

The Leader of the Council presented the report, outlining the progress made in 2016-17 towards delivery of the current Improvement Plan. It was noted that overall progress was assessed as being “good”, with most improvement objectives performing well. In particular, excellent progress had been made against Objective 2, “ensuring people have the right social services to meet their needs”. The report also highlighted that this was the sixth consecutive year where the number of informal (stage 1) complaints had decreased since the recording process began in 2011.

The Leader reported that All Wales performance data for last year was due to be released today, and would undergo consideration by Scrutiny before being reported to Cabinet’s next

meeting. The Leader also noted the excellent work being done around NEETs, and the challenge to now maintain the high performance in that area.

Commenting in support of the report, Cabinet Members praised the positive progress being made against a difficult financial backdrop.

Decision:

To note the contents of the report, to commend the areas of successful service delivery and to recommend the report to Council.

8 Corporate Risk Register Update

The Leader of the Council presented the latest update to the Corporate Risk Register. A full review of the register had been undertaken since it was last reported to Cabinet; of the 14 risks in the register, 4 remained from the previous update, 2 had been closed, 2 had been updated, and 8 new risks had been identified. There were 5 high and 9 medium risks, the detail of which were contained within the report.

The Leader commented on the good news that Friars Walk was no longer classed as a significant risk. Cabinet discussed the increasing risks relating to cyber security, and the work being done within the Council and the Shared Resource Service to ensure appropriate safeguards against cyber attacks. Cabinet commended the hard work of staff during a previous ransomware attack, which had had limited impact due to the robust systems in place.

The Head of People and Business Change confirmed that the register would be reported back to Cabinet regularly, incorporated into service plans, and regularly considered by the audit committee.

Cabinet discussed the ongoing financial risk relating to high cost out of area placements in Education and Children's Services. It was agreed that this should be examined further and considered for inclusion in the register.

Decision:

To note the contents of the Corporate Risk Register and request regular updates regarding the planned mitigating actions.

9 July Revenue Budget Monitor

The Leader presented the latest Revenue Budget Monitor, detailing the current forecast position on the Council's revenue budget as of the end of July. When the last monitor was considered in July, Cabinet noted the ongoing pressures and overspends within the budget, which were able to be managed through underspending in other areas. This latest report now showed a forecasted overspend of £1.4m at the end of July. The Council was able to offset this through using the unused revenue budget contingency, bringing the budget to an almost balanced position.

The reasons for budget pressures were understood, and spending was being monitored and managed closely to bring the forecasts back to a more comfortable position. However, a significant part of the pressures were due to areas outside of our control. Increasing out of area placements, for both Education and Children's Services, were an unpredictable and significant element. The Council was doing what it could to manage these pressures within the Council, but this was also a national issue. The Leader reported that she would be raising this through the WLGA, to suggest that a national approach was taken, to highlight

with the judiciary the financial impact of the decisions made in court on the provision of care packages.

The Leader highlighted that the budget was everybody's responsibility across the Council, and the administration would do everything it could to balance the budget by year end.

The Head of Finance highlighted the importance of managing the budget, and the knock on impact of overspending for next year's budget if it was not brought under control. The Chief Executive also noted that the overspend represented less than 1% of overall spending, and was in line with similar patterns of spending in previous years. He assured Cabinet that appropriate actions would be taken to deliver a balanced position by the year end.

Decisions:

To note the overall budget forecast position and the key assumptions and issues which underpin and impact on the Council's financial forecast position.

To approve the use of all the Council's contingency budget to balance the current level of overspending, which will be assessed each month on an on-going basis.

To agree to instruct all areas of the Council to maintain robust financial management and bring forward planned underspending wherever possible to mitigate against the current position.

To note the level of undelivered savings within each directorate and the risks associated with this.

To note the forecast movements in reserves.

To note and ratify the Corporate Management Team's decision to implement a targeted spending freeze for all non-essential spend.

To agree the use of and note the balance in respect of the investment reserve which has been assumed within current forecast.

10 Capital Budget Monitor

The Leader of the Council presented the standard update on the capital budget, monitoring the programme of spending and asking Cabinet to approve any additions since the last monitor. It was reported that the forecast outturn was looking similar to previous years, carrying a small underspend. Further monitors would be reported through the year to ensure this position was maintained.

Decision:

To approve the additions to the Capital Programme requested in the report.

To note the capital expenditure forecast position as at July 2017.

To note the balance of and approve the allocation of in-year capital receipts.

11 123-129 Commercial Street

The Leader of the Council introduced the report, asking Cabinet to approve a finance package of just over £1m and negotiate terms of an on-lending facility necessary to secure the redevelopment of 123-129 Commercial Street and additional housing led regeneration projects.

Presenting the detail of the proposals, the Cabinet Member for Regeneration and Housing reported that this represented the next steps in the redevelopment of this area, which was a key city centre gateway. The Cabinet Member noted the positive response from the public to these proposals, and the importance of realising this project to revitalise this area of the city.

Cabinet Members spoke in favour of the proposals, welcoming the scheme and the much needed investment it would bring to this area. Thanks were also given to the members and officers involved in developing and negotiating these proposals to ensure the project could go ahead.

Decision:

To approve a finance package of £1,050,700 and negotiate terms of an on-lending facility necessary to secure the redevelopment of 123-129 Commercial Street and additional housing led regeneration projects.

12 **Work Programme**

The Leader presented the Cabinet Work Programme.

Decision:

To agree the proposed programme.