

CABINET

Minutes of the Cabinet meeting held in the Town Hall, Llangollen on Tuesday 20 May 2003 at 11.00 a.m.

PRESENT

Councillors P A Dobb, Lead Member for Health and Wellbeing; E C Edwards, Lead Member for Safeguarding our Communities; M A German, Lead Member for Sustainable Development and Environment; G M Kensler, Lead Member for Promoting Denbighshire; D M Morris, Lead Member for Communications; E A Owens, Lead Member for Finance; J A Smith, Lead Member for Social Inclusion; W R Webb, Lead Member for Property and Asset Management and E W Williams, Leader and Lead Member for Economic Wellbeing.

Observers: Councillors M L Davies, R J R Jones, A J Tobin and G Jones.

ALSO PRESENT

Chief Executive; Deputy Chief Executive / Corporate Director: Resources; Financial Controller and the County Clerk.

APOLOGIES

Councillor R W Hughes, Lead Member for Lifelong Learning

1 URGENT MATTERS

- [i] Ysgol Tir Morfa Update
- [ii] Part II ~ Civic Amenity Sites and Kerbside Recycling Contract(s) - Suspension of Standing Orders

PRESENTATION: WELSH LOCAL GOVERNMENT PROCUREMENT SUPPORT UNIT

Mr John Davies and Mr Chris Chapman presented an overview of procurement generally and the Unit's work including the support the Unit could offer Denbighshire.

Mr Chapman outlined the core purpose of the Unit, to give advice, guidance and support to their Local Authority customers to improve their procurement performance via best practice processes and techniques throughout Wales. The Best Practice was a way of managing, drawing on all available sources of knowledge and experience to deliver a fundamental and sustainable advantage to achieve the organisation's goals. Procurement was a process of acquisition from third parties using the total cost of ownership models, providing a 'cradle to grave cost'.

The Welsh Public Sector estimated expenditure was £1.321bn for Local Government, Higher Education at £207m, Welsh Assembly Government at £262m and the Health Service at £841m. Procurement accounts for 50-70% of the annual budget spend on goods, services and works.

The Welsh Local Government support Unit will review the 42 recommendations from Better Value Wales and use our priorities to identify the vital recommendations.

Mr Chapman outlined specific examples of current activity, including their Best Practice Guidance to be published in June which would include Contract Standing Orders, the development of a procurement strategy and the use of e-procurement to change from manual purchase orders to e-systems.

In his summary, Mr Chapman said the Procurement Support Unit was a Welsh Local Government Organisation focused on serving the 22 Local Authorities and associated organisations such as the Fire Authorities in partnership with the National Assembly for Wales with the aim of improving procurement across the public sector in Wales.

Members were given the opportunity to ask questions on the work of the Unit. Mr Chapman confirmed that energy, for example, was under review and they would look to Local Authorities to lead on such matters although the Unit

would not be able to fund such work. He also confirmed that health and social care services would be under consideration.

The Chief Executive said the Contract Standing Orders guidance in particular would be valuable.

Councillor D M Morris thanked Mr Chapman and Mr Davies for their presentation.

For information, the slides from the presentation are attached to the minutes.

2 MINUTES OF THE CABINET [CABINET 2003 -]

The Minutes of the Cabinet meeting held on 29 April 2003 were submitted.

Item 4 School Organisation Plan - Councillor E A Owens clarified her concerns regarding school capacity and said the sentence should read "Councillor E A Owens expressed her concerns regarding over-crowding in some schools in her Ward". The last sentence of the paragraph to be amended to read "... support Lifelong Learning on school places".

Item 5 Refurbishment of Rhyl West Promenade - Councillor G M Kensler reiterated that costings should be identified before implementation of any work. The Chief Executive confirmed that Cabinet had taken no decision on the possible refurbishment works and that officers were to pursue further detailed design work.

Item 8 Ysgol Tir Morfa Development - Latest Situation - Councillor E W Williams circulated an update for Members on the latest situation and asked for Members' agreement to the suspension of Standing Orders to enable consideration of a revised resolution taking into account the latest information. Members resolved accordingly.

Councillor Williams said a good partnership had been established with the developer and asked for agreement to defer implementation of the decision taken at Cabinet on 29 April 2003 in relation to the provision of mobile classrooms as a temporary measure to house pupils from the Rhuddlan site. He asked that the total capital receipt from the sale of

the Rhuddlan site be allocated to the first phase of the new build at the Rhyl site and that a move to a planning application be made as a matter of urgency. He asked that the Member Task and Finish Group, Chaired by the Lead Member for Lifelong Learning, provide a report on the option appraisal of the location and proposed methods of funding all phases of the development.

Councillor E A Owens commented on the financial implications and said the total funding could be insufficient.

Councillor E W Williams suggested that "at the June meeting and before expenditure is incurred" be added to the last sentence recommendation.

Councillor W R Webb agreed the last paragraph of the update needed amendment.

Councillor E C Edwards supported the update and congratulated the author of the update on the way forward.

The Chief Executive reminded Members that although no expenditure was to be incurred, staff time would still be required.

RESOLVED that Members agree:=

- (a) to defer implementation of the Cabinet decision of 29.04.2003 in relation to provision of mobile classrooms as a temporary measure to house pupils from the Rhuddlan site;*
- (b) the total capital receipt from the sale of the Rhuddlan site be allocated to the first phase of the new build at the Rhyl site;*
- (c) to move to a planning application as a matter of urgency, and*
- (ch) the Member Task and Finish Group, chaired by the Lead Member for Lifelong Learning to provide a report on the option appraisal of the location and proposed methods of funding all phases of the development at the June 2003 meeting and before expenditure is incurred.*

Item 13 Review of Decision by Cabinet - Transport [Fleet Management / Maintenance] Best Value Review - Councillor D M Morris asked for the report to be provided at the next Cabinet meeting.

Item 15 Brondyffryn Trust, Denbigh - Councillor G M Kensler asked that Resolution (d) be corrected to read "...and relevant Members and senior staff from the Education Department".

RESOLVED that subject to the above, the Minutes of the Cabinet meeting held on 29 April 2003 be approved as a correct record and signed by the Deputy Leader .

3 APPROVAL OF IMPROVEMENT PLAN 2003-2004 AND BEST VALUE REVIEW PROGRAMME [CABINET 2003 - 68]

Councillor E W Williams presented the report seeking Cabinet's:-

- [i] recommendation of the draft Improvement Plan 2003-2004 to Council [Appendix I]
- [ii] agreement to monitor the progress of the corporate Action Plan via quarterly reports produced by the Performance Management Unit
- [iii] approval of the proposed Best Value Review Programme for 2003-2004 [Appendix II]
- [iv] agreement to the removal of the Home Care and Fostering Services from the Best Value Review Programme.

Councillor Williams thanked the staff for all their work. He also said Denbighshire was ahead of most other Authorities in that Denbighshire used actual figures in the Plan.

Councillor E A Owens expressed her concerns with regard to the corporate objectives and the nature of some of the terms used in the Plan.

Councillor E C Edwards asked who was the author of the Crime and Disorder Survey paragraph on page 7 of the Plan and asked that the attention of the Principal Policy Officer Social Inclusion be drawn to the matter. The Performance Management Manager said the information had been discussed at the Citizen's Panel meetings.

RESOLVED that Members:-

- (a) *recommend the draft Improvement Plan 2003-2004 to Council [Appendix I];*
- (b) *agree to monitor the progress of the corporate Action Plan via quarterly reports produced by the Performance Management Unit;*
- (c) *approve the proposed Best Value Review Programme for 2003-2004 [Appendix II], and*
- (ch) *agree to the removal of the Home Care and Fostering Services from the Best Value Review Programme.*

4 DENBIGHSHIRE RETAIL & LEISURE STUDY [CABINET 2003 - 69]

Councillor M A German presented the report seeking approval to undertake wide consultation on the Denbighshire Retail & Leisure Study (The Study) before reporting back on how the Study can inform the review of retail planning policies; be treated as a material planning consideration in determining planning applications and help develop town centre strategies and regeneration.

In response to Councillor G M Kensler's query regarding 4.7 of the report and whether shopping is considered as a leisure activity, the Chief Executive replied that report was not the final document and wider consultation would be undertaken.

Councillor E C Edwards referred to the numerous feasibility studies being undertaken and said delivery and development of services was essential or the studies were worthless.

Councillor E A Owens suggested that farmers' or Christmas markets should be developed and were a valuable retail outlet and should be included in the study.

Councillor E W Williams agreed that there were many such studies around but were essential to access funding from the Wales Tourist Board or the Welsh Development Agency for example.

Councillor W R Webb agreed with Councillor Edwards and emphasised the need to deliver and develop services, particularly in the south of the County.

The Chief Executive said action was required after completion of feasibility studies and that studies such as this one needed updating after about 5 years.

RESOLVED that the Denbighshire Retail and Leisure Study be:-

- (a) *the subject of wide consultation including a presentation or workshop to be arranged with Members and senior management and consultation via the Area Partnerships, and*
- (b) *brought back to Cabinet with the results of the consultation and for further consideration as to the way forward.*

5 APPROVAL OF SUPPLEMENTARY PLANNING GUIDANCE [CABINET 2003 - 70]

Councillor M A German presented the report seeking approval of Supplementary Planning Guidance Notes No 8 Access for All and No 18 Nature Conservation and Species Protection attached to the report.

RESOLVED that Cabinet approve Supplementary Planning Guidance Notes No 8 Access for All and No 18 Nature Conservation and Species Protection attached to the report and recommend for adoption by Council.

6 ONE STOP SHOPS / CASH OFFICES FOR ST ASAPH AND RHUDDLAN [CABINET 2003 - 71]

Councillors D M Morris presented the report seeking Cabinet agreement to support the expansion of One Stop Shops to Rhuddlan and St Asaph [including the relocation of the St Asaph Cash Office] and

for these to be located in the Libraries, in line with the Delivering Quality Services policy and the IEG Statement. Cabinet was asked to approve the capital and revenue implications [capital for St Asaph Library included in the Capital Plan report of 20.04.2003] and that the St Asaph scheme capital implications be forwarded to Council for approval.

Councillor J A Smith welcomed the move of the St Asaph Cash Office and said it would be of great benefit. He urged Members to support Option 2 of the report which would increase Library opening hours in St Asaph.

Councillor E A Owens suggested Option 1 was more appropriate at this time and a move to Option 2 for St Asaph could take place when more resources were available.

Councillor P A Dobb said Libraries should be encouraged wherever possible to have longer opening hours and supported Option 2.

Councillor M A German welcomed the report and suggested the locating of Tourist Information Centres in Libraries should be considered if sufficient accommodation was available.

The Principal Librarian detailed the costs of both Options 1 and 2 and said the Local Members supported Option 1 for Rhuddlan and Option 2 for St Asaph.

Councillor G M Kensler emphasised the important role of libraries and their opening hours in the community and suggested a review should be carried out.

RESOLVED that:-

- (a) Cabinet agrees to support the expansion of One Stop Shops to Rhuddlan [Option 1] and St Asaph [Option 2] and for these to be located in the Libraries [including the relocation of St Asaph Cash Office];*
- (b) Cabinet approve the capital and revenue implications, and*

(c) *the capital implications for the St Asaph scheme be forwarded to Council for approval.*

7 CAPITAL PLAN 2003/04 [CABINET 2003 - 72]

Councillor E A Owens presented the report seeking Cabinet's recommendation to Council of the proposed revisions for the 2003/04 Capital Plan.

Councillor Owens detailed the change required to the report resulting from approval of Option 2 of the One Stop Shop / Cash Office for St Asaph [previous item].

RESOLVED that Cabinet recommend the revisions to the 2003/04 Capital Plan, as detailed in the report and amended above, for approval by Council.

8 PROJECTED REVENUE POSITION 2002/03 AND 2003/04 [CABINET 2003 - 73]

Councillor E A Owens presented the report for Members to note the latest estimated outturn figures for 2002/03 for both services and corporate budgets. Members were asked to consider the implications of the improved Council Tax yield for 2002/03 and 2003/04 and agree the revised spending proposals contained in the report.

Councillor Owens detailed the considerable improvement on the Council Tax income which had resulted in a significant increase in the level of collection and a reduction in the levels of arrears.

Councillor Owens indicated that the Lifelong Learning Directorate overspend could now be funded in full, with no clawback. It was likely that some Departments would be in a position to carry forward underspends.

The overall impact was that reserves would be in the region of £1.9m, compared to a target of £1m. In addition, the Council would benefit in 2003-04 from the improved Council Tax yield. However, this benefit would reduce in 2004-05 and, since there were no indications as yet

that the Welsh Assembly Government Settlement would improve, it would be a more difficult year financially.

Details of the proposals were listed in paragraph 2.7 of the report. Councillor W R Webb suggested the events figure in 2.7(d) would require amendment when the Denbighshire Events 2003-04 report was discussed. With regard to 2.7(f), Councillor Owens emphasised the need for Scrutiny Committees to prioritise the £400k additional expenditure as soon as possible with a further £400k to be released in the autumn.

Members agreed the recommendations in paragraphs 2.7(a) and 2.7(b) of the report.

Councillor P A Dobb suggested that monies be spend on the 'image' of the Central Area of the County, i.e. grass cutting and enhancement of some of Denbighshire's buildings, enhancing the area for tourists. Members agreed the recommendation in paragraph 2.7(c) of the report.

In response to a query from Councillor W R Webb, the Chief Executive said the Schools Delegated Budgets had been set and it was not possible to reallocate the budgets once set.

Councillor P A Dobb asked when the School Transport review would be carried out. The Corporate Director: Lifelong Learning said Lifelong Learning Scrutiny Committee had considered the matter and a report would be provided for the next Cabinet meeting which would also include Personal Services transport issues.

Paragraph 2.7(d) was to be considered as part of the Denbighshire Events 2003-04 report.

Paragraph 2.7(e) had been considered and agreed earlier, including the relocation of the St Asaph cash office to St Asaph Library.

With regard to paragraph 2.7(f), Councillor E C Edwards said it was essential that enough time was available for Lead Members to make submissions with regard to the £800k additional expenditure. Councillor Edwards also urged officers to proceed with caution with regard to expenditure generally, as the Authority was still on a recovery plan and

had one of the highest Council Tax bills in Wales. Councillor Owens welcomed Councillor Edwards' comments with regard to the recovery plan.

Councillor W R Webb said he was delighted with the extra £1.2m that had become available but expressed his surprise that the information had not been made available sooner.

The Corporate Director: Resources took the opportunity to praise the work of the Council Tax staff and said that weekly and monthly monitoring was carried out, enabling more accurate and up to date information to be made available.

At the suggestion of the Chief Executive, it was agreed to defer any decisions with regard to school transport.

RESOLVED that:-

- (a) *Members note the projected revenue outturn position for 2002/3;*
- (b) *Cabinet agrees to revise the financial strategy as outlined in paragraphs 2.4 and 2.6 and to prepare recommendations to Council on the Budget for 2004/5 accordingly;*
- (c) *Cabinet agreed the following on paragraph 2.7 for additional expenditure in 2003/4:-*

- 2.7(a) *Agree*
- 2.7(b) *Agree*
- 2.7(c) *Agree*
- 2.7(d) *Decision to be taken as part of the Denbighshire Events 2003-04 report [20.05.2003]*
- 2.7(e) *Decision as agreed for One Stop Shops / Cash Offices at St Asaph and Rhuddlan report [20.05.2003]*
- 2.7(f) *Agree*

(ch) defer any decision with regard to School and College Transport until the next Cabinet meeting.

9 DENBIGHSHIRE EVENTS 2003/04 [CABINET 2003 - 74]

Councillor G M Kensler presented the report seeking support for a pilot programme of events and attendant costs for 2003/2004 for the purpose of attracting new visitors to Denbighshire.

Discussion on a range of events took place and emphasis was placed on the promotion of good health whenever possible when organising events.

Members having discussed in particular the allocation in respect of additional activities at the Llangollen International Eisteddfod, agreed the allocation be increased to £15,000 for 2003/04. It was further agreed to make an additional £10k available for other non-specific events, with authority for the expenditure delegated to the Lead Member for Promoting Denbighshire.

RESOLVED that Members, subject to the above, support the programme of events for 2003/2004 and make additional monies available to stage the events.

At this juncture (1.15 p.m.) the meeting adjourned for 15 minutes to allow Members to participate in refreshments.

10 REPLACEMENT OF WINTER MAINTENANCE VEHICLES [CABINET 2003 - 75]

Councillor M A German presented the report seeking approval for capital funding for the purchase of 3 dual use [winter maintenance/general highways] vehicles to replace 3 dedicated gritters, to be included in the Capital Plan for 2003-04.

RESOLVED that Cabinet agree capital funding to purchase 3 dual use [winter maintenance/general highways] vehicles to replace 3 dedicated gritters be included in the Capital Plan for 2003-04.

11 PRESENTATION OF CABINET REPORTS [CABINET 2003 - 76]

Councillor D M Morris presented the report seeking confirmation of the use of Arial 14 point font for all reports to Cabinet and Asset Management Committee.

After a full discussion it was agreed that although more resources would be required per print run, the reports for both Cabinet and Asset Management Committee would use Arial 14 point font.

***RESOLVED** that Cabinet confirms the use of 14 point font for all reports to it and the Asset Management Committee.*

QUESTION AND ANSWER SESSION

No questions had been received.

EXCLUSION OF PRESS AND PUBLIC

RESOLVED under Section 100A(4) of the Local Government Act 1972 the Press and Public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 and 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

PART II

12 URGENT ITEMS [CABINET 2003 - 77]

CIVIC AMENITY SITES AND KERBSIDE RECYCLING CONTRACT(S) - SUSPENSION OF STANDING ORDERS [CABINET 2003 - 77A]

Councillor M A German presented the report, circulated at the meeting, seeking to suspend Council Standing Order 13 - Alterations to allow clarification to be sought from each of the tendering contractors in relation to their tender submitted on 28.04.2003, before recommending one [or more] of the tenders received for acceptance by Cabinet.

The County Clerk confirmed the Lead Member for Sustainable Development and Environment had delegated authority to accept such tenders if the lowest.

***RESOLVED** that Cabinet suspend Contract Standing Order 13 to allow discussions to take place with the contractors who have submitted tenders for this/these contract(s).*

13 RETAINER PAYMENTS TO COOKS IN CHARGE [CABINET 2003 - 78]

Councillor D M Morris presented the report seeking Cabinet approval to resist pressures to reinstate retainer payments to Cooks in Charge.

***RESOLVED** that having considered all available advice, Cabinet recommend to Council to resist pressures to reinstate retainer payments to Cooks in Charge.*

The meeting concluded at 2.10 p.m.

AGENDA ITEM NO: 3 [CABINET 2003 - 80]

REPORT TO CABINET

CABINET MEMBER: COUNCILLOR E A OWENS, LEAD MEMBER FOR FINANCE AND COUNCILLOR P A DOBB, LEAD MEMBER FOR HEALTH & WELLBEING

DATE: 24 JUNE 2003

SUBJECT: IMPROVING THE COUNCIL HOUSING STOCK

1 DECISION SOUGHT

- 1.1 Cabinet notes the progress on reviewing options for the funding of improvements to the housing stock, and confirms the timetable to be followed in reaching a decision as to which option to adopt.
- 1.2 That Cabinet confirms that an interim Housing Stock Business Plan be submitted to the Assembly based on the Deloitte & Touche draft report, noting that further information is still required on the option of stock retention and funding of improvements to quality standards via Prudential Borrowing, and the alternative of Stock Transfer to Dyffryn Community Housing.
- 1.3 Lobby the Assembly to enable use of the Major Repairs Allowance (MRA) to support borrowing.

2 REASON FOR SEEKING DECISION

- 2.1 The Council is committed to finding a way to improve its housing stock to quality standards by 2012. A report to the meeting of County Council on 25 June 2002 identified that housing stock transfer was the only known current viable option available to bring about these improvements. However, this report also identified the proposed Prudential Borrowing regime as an option which might also enable improvements to be carried out. A decision was thus adopted to further investigate Prudential Borrowing as an option to fund improvements, but also to allow an application for Provisional Approval for Stock Transfer to the Assembly to be made. The full decision taken by County Council is reproduced at section 1 of Appendix A attached.

2.2 The work undertaken by Officers in response to the decision taken by County Council is detailed in full at section 2 of Appendix A. In line with the decision of County Council, Deloitte & Touche were commissioned to model and report on the funding potential of Prudential Borrowing. However, there are a number of pieces of work which Deloitte & Touche and Officers need to undertake before the report is finalised. These are detailed at paragraph 2.7 of Appendix 1 but include:

a) evaluation of the funding potential of the Major Repairs Allowance (MRA) which the Assembly has decided to introduce from April 2004. This will provide significant revenue support of about £2.3 million for improvement of Council housing, but Ministerial clarification on whether the MRA can be used to support borrowing costs is needed, and the impact on HRA subsidy must be identified;

b) determination of the average level of rent increases needed to fund the improvements required to Council houses. The latest draft of the Prudential Code published by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires the affordability of improvements to the housing stock to be based on a consideration of the level of rent increases required to fund improvements.

2.3 At a meeting of the Housing Options Working Party in April 2003, it was explained that production of the final report by Deloitte & Touche was envisaged for mid-July 2003. Work can be undertaken to resolve some of the issues at paragraph 2.2 a)-b). However, the impact of the introduction of the MRA on HRA subsidy will not be determined within this timescale. Discussions with Assembly Officers has identified that because of the introduction of the MRA, Prudential Borrowing and the other changes to the HRA, changes are likely to the level of HRA subsidy provided to the Council from 2004/5 onwards. At the moment the impact on HRA subsidy of these changes is uncertain and will not be resolved until Autumn 2003 when HRA subsidy for 2004/5 will be determined. The final report from Deloitte & Touche will not be available until after HRA subsidy for 2004/5 is announced.

2.4 On receipt of the final report from Deloitte & Touche, Officers will be in a position to consider what can be achieved in terms of improvement to the Council's housing stock from Prudential Borrowing. A report will

then be brought forward which will include the findings of the Deloitte & Touche report and the options available to the Council to improve its housing stock together with a recommendation as to which option should be adopted. At the present time, Stock Transfer to a newly formed local housing company, or retention of the housing stock and funding of improvements via Prudential Borrowing and other revenue sources are the only known viable options available.

3 POWER TO MAKE THE DECISION

Part II of the Housing Act 1985, Provision of Housing Accommodation.

4 COST IMPLICATIONS

The cost incurred to date in commissioning Deloitte & Touche to model and report on Prudential Borrowing and other changes to the HRA is £9,750. No further costs will be incurred in finalising the report.

5 FINANCIAL CONTROLLER STATEMENT

As detailed at paragraph 2.4 above, a report will be brought to Cabinet in the Autumn setting forward the options available to the Council to improve its housing stock. This report will include estimates of the revenue and capital impact for the Council of the options under consideration.

6 CONSULTATION CARRIED OUT

The Housing Options Working Party involving Members and Tenants has been meeting regularly for three years. All tenants have received information on the proposed stock transfer in the form of four newsletters, a freephone enquiry line and 25 public meetings. An Independent Tenants Advisor is in place to ensure impartial and accurate information is given. The shadow board of Dyffryn Community Housing has recently written to the Chief Executive to reiterate what it sees as the benefits of Stock Transfer and to express concern about the uncertainty being caused by the delay.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

Stock Transfer or retention of the housing stock will have major implications for many areas of the Council including Community Governance, Community Development, Regeneration and Anti-Poverty policies.

8. RECOMMENDATION

- 8.1 That, following the receipt of the final report from Deloitte & Touche, a report be brought to Cabinet detailing the options available to the Council to improve its housing stock, to include a recommendation as to which option should be adopted.
- 8.2 That an interim Housing Stock Business Plan be submitted to the Assembly based on the Deloitte & Touche draft report, noting that further information is still required on the option of stock retention and funding of improvements to quality standards via Prudential Borrowing, and the alternative of Stock Transfer to Dyffryn Community Housing.
- 8.3 Continue to lobby the Assembly to enable use of the Major Repairs Allowance (MRA) to support borrowing.

SECTION 1 - DECISION OF COUNTY COUNCIL

1.1 At the meeting of County Council on 25 June 2002, the following was adopted:

a) housing stock transfer is the only known viable current option, but in the light of the proposed Prudential Borrowing regime, clarification is sought as a matter of urgency from the Assembly on the scope for using the value of the housing stock or rental income for borrowing purposes;

b) Council awaits the advice of the Assembly before a final decision is taken on whether to proceed with housing stock transfer with the position being reviewed after 9 months if clarification is not received, and in the meantime the Council commissions Consultants to model the funding potential under Prudential Borrowing;

c) in the interim, in order not to lose the momentum on current plans for housing stock transfer, the Authority submit an application to the Assembly for the Provisional Approval of Stock Transfer, with the decision to proceed to ballot stage depending on the advice from the Assembly (under a)) and Council having given approval to proceed (under b));

d) as a matter of urgency, meetings are held with the tenants to explain the Council's current position and to provide assurances to them regarding the Council's intentions.

SECTION 2 - WORK UNDERTAKEN AFTER THE COUNTY COUNCIL DECISION

National Assembly Advice

2.1 Clarification on the use of the value of the housing stock for borrowing purposes under Prudential Borrowing was obtained in a response to an enquiry to the Minister for Finance, Local Government and Communities by Ann Jones, AM. This response clearly indicated that there would be

no scope for using the value of the housing stock for borrowing purposes in the proposed Prudential Borrowing regime.

2.2 Advice was sought from the Assembly on the scope of using rental income for borrowing purposes, and a response obtained. This stated that:

- a) the Council will be allowed to borrow what is affordable to it under Prudential Borrowing;
- b) the ring fencing of housing income and expenditure in the Housing Revenue Account (HRA) will continue under Prudential Borrowing;
- c) exactly which net housing income the Council will be allowed to take account of when calculating what is affordable borrowing will depend on the final structure of the Prudential Code being produced by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Modelling of funding potential under Prudential Borrowing and other changes to the HRA

2.3 Following the advice received from the Assembly, a brief was issued to commission Consultants to model the funding potential which Prudential Borrowing and other changes to the HRA proposed from April 2004 might provide. The changes to the HRA include :

- a) the removal of rent rebates and associated subsidy from the HRA;
- b) the payment of notional HRA surplus to a national pool;
- c) the removal of the need to set-aside 75% of capital receipts generated from the sale of Council houses for debt repayment.

2.4 In particular, the brief focused on whether Prudential Borrowing and the other changes proposed could provide the funding required to improve the housing stock to quality standards (“Welsh Housing Quality Standards”) by 2012, as required by “Better Homes for People in Wales”, the national housing strategy published by the Assembly. Deloitte & Touche were appointed to undertake this work.

2.5 In drawing up the report, Deloitte & Touche and Council Officers have used and modified the spreadsheet model provided by the Assembly for the Local Authority Housing Stock Business Plan. This Business Plan has to be prepared and a draft should have been submitted to the

Assembly by April 2003. The Assembly are aware that Denbighshire is investigating options and an interim report will be submitted subject to the views of Cabinet.

2.6 The Business Plan will form part of the overall Local Housing Strategy and be based on the principle of sustainability of the existing stock and improving it to “Welsh Housing Quality Standards” (WHQS) as defined by the Assembly. WHQS are very similar to the improvements specified in the Council’s Stock Condition Survey which have been incorporated into the Deloitte & Touche report. The Assembly have set a target of achieving quality standards by 2012 and the Business Plan must set out the options for achieving this.

2.7 Deloitte & Touche produced a draft report based on the funding potential provided by Prudential Borrowing and the other changes proposed to the HRA. A presentation was made by Deloitte & Touche to the Housing Options Working Party based on the draft report in April 2003. The draft report concludes that, based on the modelling undertaken to date, the funding required to undertake the improvements necessary to meet quality standards by 2012 is not able to be met from the proposed Prudential Borrowing regime, without significant additional income from other sources. However, there are a number of pieces of work which Deloitte & Touche and Council Officers need to undertake before the report is finalised:

a) evaluation of the funding potential of the Major Repairs Allowance (MRA) which the WAG has decided to introduce from April 2004. This will provide significant revenue support of about £2.3 million for improvement of Council housing, but Ministerial clarification on whether the MRA can be used to support borrowing costs is needed, and the impact on HRA subsidy must be identified;

b) determination of the average level of rent increases needed to fund the improvements required to Council houses. The latest draft of the Prudential Code published by CIPFA requires the affordability of improvements to the housing stock to be based on a consideration of the level of rent rises required to fund improvements;

c) evaluation of the impact of using all capital receipts generated from the sale of Council houses to repay debt, whilst financing the cost of improvements completely from borrowing;

d) Stock Transfer would involve some costs falling on the Council Fund rather than the HRA. This was estimated at £500,000 - £750,000 annually on a worst-case scenario basis in the Cabinet report dated 18 June 2002. Clarification is required as to whether a similar sum could be transferred from the Council Fund to the HRA without Stock Transfer. Clarification is also required as to whether debt charges of £500,000 - £750,000 annually could be charged to the Council Fund if they arise from borrowing in the Council Fund to fund improvements to the housing stock. If permitted, the level of borrowing which would produce debt charges of £500,000 - £750,000 annually should then be identified.

2.8 Completion of this outstanding work may mean that the conclusion in the final report from Deloitte & Touche varies from that of the draft report.

2.9 At the meeting of the Housing Options Working Party in April 2003, it was explained that production of the final report by Deloitte & Touche following the completion of the work at paragraph 2.7 a)-d) was envisaged for mid-July 2003. Work can be undertaken to resolve these issues. However, the impact of the introduction of the MRA on HRA subsidy will not be determined within this timescale. Discussions with Assembly Officers have indicated that because the introduction of Prudential Borrowing and the other changes to the HRA (removal of rent rebates, introduction of the MRA, payment of notional HRA surplus to a national pool etc...) changes are likely to the level of HRA subsidy provided to the Council from 2004/5 onwards. At the moment the impact on HRA subsidy of these changes is uncertain and will not be resolved until Autumn 2003 when the computation of HRA subsidy for 2004/5 will be determined. The final report from Deloitte & Touche will thus not be available until after HRA subsidy for 2004/5 is announced.

Provisional Approval for Stock Transfer

2.10 An application for the Provisional Approval of Stock Transfer has been submitted to the Assembly. Consideration of the application by the

WAG has been delayed until the Council has decided whether to proceed to ballot stage.

Meetings with Tenants

- 2.11** Meetings with the Housing Options Working Party and the Shadow Board were held in July 2002, together with a seminar of Councillors and Tenants representatives in November 2002, during which the Council's current position and its intentions were clarified by Officers and Lead Members. A presentation of the draft report produced by Deloitte & Touche was made to the Housing Options Working Party in April 2003.

AGENDA ITEM NO: 4 [CABINET 2003 - 81]

REPORT TO CABINET

REPORT BY: Corporate Director of Personal Services

DATE: 24 June 2003

SUBJECT: Best Value Review of Residential Homes

1 DECISION SOUGHT

For Cabinet to reaffirm its decision taken on 25 March 2003 (Cabinet 2003-31) viz

1. That Members agree that the Council, through its Procurement Strategy, seeks initial expressions of interest from potential partners, including the NHS, to secure the long term and future needs of the residents and staff of the homes (Options 4/5)
2. In the event that potential partners are not acceptable, the Council will further investigate securing the level of investment to safeguard the future of the homes (Option 2)
3. That urgent progress is made on terms and conditions

2 REASON FOR SEEKING DECISION

2.1 Background

2.1.1 Following the Cabinet decision on March 25th, Personal Services Scrutiny resolved, on 4th April, to request Council to use its powers under s 21 (2) (a) of the Local Government Act, to review the decision detailed above and to indicate what aspects of the decision they wished Cabinet to reconsider.

2.1.2 Council discussed the issue on June 3rd, and resolved as follows:

- i) That the Council should further investigate securing the level of investment to safeguard the future of the homes (Option 2); and

ii) That in the event of the level of investment not being secured the Council seeks partnership arrangements with the NHS (Option 5)(excluding Public Sector Housing).

2.1.3 While Council have made their views to Cabinet clear, a number of points are made or reiterated here as background to the Cabinet's executive decision.

2.2 Changing social care provision for older people.

2.2.1 The increasing population of older people poses the Council with a serious challenge in terms of the development of social care services. Demand is increasing (for example linked to heavy pressure on acute health care services- hospital admissions and discharges) but the supply of social care services is becoming increasingly difficult to secure, partly because of competition for local labour when unemployment is low. At the same time, public expectations are increasing and changing. The Council therefore is right to exercise great care about the future of its homes. Currently they provide essential provision, and are good quality homes. However, they cannot be museum pieces. They have to change and develop, and be able to secure the investment needed to make them desirable parts of provision for older people in the short, medium and long-term.

2.3 Accessing capital funds.

2.3.1 Given heavy demands on capital expenditure across Directorates, it remains unclear that the Council, acting on its own, can access the funds required to

- clear the backlog of repairs and maintenance in the four residential homes (estimated at £1m but almost certain to be more than this once detailed survey work is carried out)
- respond to possible additional requirements arising from increased Care Standards, provisionally scheduled for 2007 (impossible to know at this stage if these will be implemented, but if they were, 75% of the current rooms would not conform)
- ensure the homes develop and are "fit for the future" ie able to respond to changing expectations and patterns of need, including fitting

into a more diverse spectrum of local health, social care and housing services for older people

2.3.2 It is clear that some potential partners **are** able to access sources of capital that are not available to the Council.

2.3.3 The NHS (while being an essential partner for other reasons) also finds it extremely difficult to access capital funds, and would not, by themselves, enable the council to resolve all the investment issues presented by the residential homes.

2.4 Partnerships that work and partners that share the Council's values and objectives.

2.4.1 There are many examples of Councils in both Wales and England that have entered into highly successful social care partnerships. These cover both the running of residential homes and a broadening range of social care services for older people. Councils have found that, with careful preparation of specifications, selection processes and contracts, they are able to control the partnering process so as to get the service and quality they want, retain local services and elected member involvement in service and performance monitoring. The Outline Partnership Procurement process, attached as an appendix to the Cabinet report of 25th March, showed how this might be done, based on experience in Powys.

2.5 Duty to secure Best Value.

2.5.1 The Council is still bound by the Local Government Act 1999 (Best Value legislation), to secure best value in provision of its services. Ruling out potential partnerships, which could lever in required investment, could be considered not to constitute best value.

2.6 Terms and conditions

2.6.1 Making progress. The unit costs of the local authority's homes are considerably higher than those in the independent sector, mainly as the result of better staff terms and conditions. Making progress on revisions to terms and conditions of staff must remain an urgent priority, as the Council leaves itself potentially vulnerable to legal challenge by

independent sector providers while the differential is so great. A set of proposals has been made to the Trades Unions, with a response expected in early July.

2.6.2 Protecting what's good. No partnership contemplated by the local authority would lead to an equalisation of costs as the provisions of TUPE will ensure that staff have protection for their terms and conditions in the event of a transfer. This is to be regarded positively, as we know that fair terms and conditions do correlate with the ability to recruit and retain staff, to lower staff turnover, and therefore to good quality services for vulnerable people.

2.7 Delay

2.7.1 This Best Value Review has been ongoing for in the region of 3 years. Whatever decision is taken now, it is essential that it is clear and followed through so that service users, families and staff can be briefed accordingly and know that a direction of travel has been agreed that will deliver the resources required to sustain and develop the service.

3 POWER TO MAKE THE DECISION

The arranging of residential care is a duty placed upon local authorities under s 21 of the National Assistance Act 1948. Best Value legislation derives from the Local Government Act 1999.

4 COST IMPLICATIONS

A Project Manager will be required to take any partnership work forward, and such provision is within the Directorate's budget for 2003/04. Information from the external consultant to the Best Value Residential Homes Group indicates overall costs of between £60k to £100k for this type of partnership, of which £25k could be made available within the Directorate's budget for 2003/04.

5 FINANCIAL CONTROLLER STATEMENT

The impact of costs on the service from the initial project work will need to be the subject of consideration for funding from the additional finance

recently released for the current year. The impact for later years will be considered as part of the budget setting exercise.

6 CONSULTATION CARRIED OUT

6.1 The options analysis was fully discussed at the Best Value Review Project Group which includes Elected Members and Trades Union representatives. Meetings have been held with staff groups in all four of the homes. Further arrangements will be made to consult with residents and families.

6.2 Personal Services Scrutiny discussed the issue on 4th April, 2003, resolving to refer the decision to Council for review.

6.3 Council's resolution at its meeting on June 3rd, 2003, is set out at 2.1.2 above

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

The different options have a range of potential impacts including economic development implications, personnel impacts and opportunities for developing housing/health/social care working.

8 RECOMMENDATION

8.1 That Members agree that the Council, through its Procurement Strategy, seeks initial expressions of interest from potential partners, including the NHS, to secure the long term and future needs of the residents and staff of the homes (Options 4/5);

8.2 In the event that potential partners are not acceptable, the Council will further investigate securing the level of investment to safeguard the future of the homes (Option 2);

8.3 That urgent progress is made on terms and conditions.

AGENDA ITEM NO: 5 [CABINET 2003 - 82]

REPORT TO CABINET

REPORT BY: Corporate Director of Personal Services

DATE: June 24th, 2003

SUBJECT: Accountability arrangements for representatives on the Local Health Board and the Health, Social Care and Wellbeing Strategic Partnership Board

1 DECISION SOUGHT

Both the Local Health Board and the Health, Social Care and Wellbeing Strategic Partnership Board have become fully established since April 2003, with Denbighshire County Council officer and member representation. This report seeks a decision on how the representatives should, in future, exercise their accountability to the County Council.

2 REASON FOR SEEKING DECISION

2.1 The new **Local Health Board**, with extensive responsibilities for the commissioning of local health services, both acute and community, and co-terminous with the local authority, represents a unique opportunity for the development of health promotion and health services sensitive to local need and circumstances. The Local Health Board brings together representatives of health professional groups, the Conwy and Denbighshire Trust, lay members, the voluntary sector, carers, the Community Health Council and the local authority. It has an annual budget of £98m. The LHB has enormous potential to complement delivery of the local authority's own agenda and it is therefore important that the local authority grasps fully the opportunity for influence.

2.2 The LHB is a statutory body with powers, duties and obligations and its own legal personality. It is a public body governed by Nolan principles. Local authority representatives (the Lead Member for Health and Wellbeing, the Chair of Personal Services Scrutiny, the Corporate Director of Personal Services, and the Corporate Director, Environment) were nominated by the local authority but formally appointed by the Minister. All Board members have had to sign the LHB Code of Conduct and Accountability. It is understood that

the Assembly are to issue accountability agreements, which could contain specific arrangements for local authority representatives, but these have not been produced yet. There could be potential for officer/member representatives to experience conflict between their corporate responsibility to NHS Wales, to the Denbighshire LHB and to the local authority. This report recommends how this situation should be handled.

2.3 The Health, Social Care and Wellbeing Strategic Partnership Board is the organisational expression of the new joint duty conferred on the LHB and the local authority under the NHS and Health Care Professions Act 2002. Under Section 24 of the Act, the two organisations have a statutory duty to develop a Health, Social Care and Wellbeing Strategy- in draft by April 2004.

2.4 The Strategy has to address the state of health and wellbeing in the area, health and wellbeing needs, existing provision, gaps and deficiencies, risks, anticipated need, factors affecting the local population's health and wellbeing, how health and wellbeing is to be improved, how services are to be made more efficient, how they are to be commissioned and delivered and resource requirements.

2.5 There is a duty of co-operation included in the legislation, which requires us to co-operate with NHS Trusts, Community Health Councils, Voluntary Service Councils, Health Commission Wales and any other organisation with an interest in formulating the Strategy. Regulations require that, in formulating the Strategy, local health boards and local authorities must consider whether the interests of the population would be best served by entering into a commissioning arrangement with neighbouring local authorities, local health boards and the NHS Trust or Trusts.

2.6 The Strategy is one of the key sub-strategies which will feed into the Community Strategy.

2.7 The HSCWB Board was established in shadow form in October 2002 and has been formalised since April 2003. The Board includes executive and non-officer members of the LHB, the Conwy/Denbighshire Trust, the voluntary sector, the independent sector, the CHC and the local authority. The local authority representatives are the Lead Members for Health and Wellbeing, Social Inclusion and Safeguarding our Communities and the Corporate Directors for Personal Services, Environment and Lifelong Learning.

2.8 Terms of Reference were agreed by Denbighshire's Cabinet in November 2002. The Board has an accountability line to the Cabinet and to the LHB Board. However, the relevant reports do not indicate comprehensively how representatives would be expected to report back to Cabinet or obtain a policy steer where critical issues are involved, without undue delay to the partnership decision-making process. This report recommends suitable arrangements.

2.9 The proposed arrangements are:

2.9.1 Council representatives on the Local Health Board and the Health, Social Care and Wellbeing Strategic Partnership Board will be required to produce an overview report at least annually for the relevant Scrutiny Committee(s). This will highlight the key issues that have been decided (from the Council's perspective) and those that face the organisation in the coming year, and key performance monitoring information eg financial performance, performance against national indicators, quality information, resident views. The LHB will receive a copy of this report, with the opportunity to ensure accurate and fair reporting.

2.9.2 The Health, Social Care and Wellbeing Strategy will be submitted to Scrutiny for comment, and to the Cabinet for recommendation to Council for adoption, as it is part of the Council's Policy Framework.

2.9.3 Board Minutes will be submitted to the Council.

2.9.4 Senior officers of the LHB/HSCWB will be invited to Scrutiny Committees of the Council, and expected to attend, given reasonable notice.

2.9.5 In-year, Council representatives on the LHB/HSCWB Board have a responsibility to report the following to Scrutiny for comment and/or Cabinet for decision:

(It would be expected that the LHB would be alerted to the fact that Council representatives were doing this.)

- all proposals for integration of services, commissioning services cross border, pooling of budgets and lead commissioning;
- all reviews/proposals which could lead to major increases or reductions in the level of health service, or major changes to the nature of service;

- all reviews/proposals which present significant opportunities or threats for the Council;
- all proposals which do or have the potential to conflict with the priorities and objectives of the Council (or of the Community Strategy in future years);
- significant financial issues which will or could impact on the Council
- any issue causing difficulties at the service delivery interface with Council services.

2.9.6 Where representatives are unclear as to their responsibilities, they should consult the Council's Legal Officer for advice.

2.9.7 It will also be necessary to review delegations to Cabinet members and officers to ensure that those serving on partnership bodies are appropriately equipped to commit the Council within clear limits.

3 POWER TO MAKE THE DECISION

3.1 Local Health Boards have been established under the NHS Reform and Health Care Professions Act (2002), with local authority representation prescribed.

3.2 S24 of the NHS Reform and Health Care Professions Act (2002) is the statutory basis for the local authority and the LHB to prepare Health, Social Care and Wellbeing Strategies. The Health, Social Care and Wellbeing (Wales) (Regulations) 2003 set out the requirements for HSCWB Strategy preparation, including the duty of co-operation (Regulation 3), the requirement to integrate and consider other prescribed strategies and plans (Regulations 7 and 8 and s 4 of the Local Government Act 2000) and the duty of adoption (Regulation 10).

4 COST IMPLICATIONS

None directly. Unless clear accountability arrangements are established, however, there is a risk that the cost of decisions taken in the LHB or the HWSCB would not be properly appreciated and taken into account by the local authority.

5 FINANCIAL CONTROLLER STATEMENT

No direct financial implications in the short term for the Council. However failure to deliver proper joint working arrangements in the future could impact unfavourably on the Council.

6 CONSULTATION

Member representations on the LHB/HSCWB. Lead Member for Health & Wellbeing has indicated support. No feedback from others. CET - who support the proposals. Alan Lawrie's (Chief Executive, LHB) comments about consulting and communicating with the LHB on the content of reports submitted under these arrangements, have been incorporated in the report. Otherwise, happy with the proposals.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

The development of health policy touches all aspects of the Council's business.

8 RECOMMENDATIONS

- i) that Cabinet adopts the proposals contained in 2.9.1 to 2.9.7 to provide the accountability framework for local authority representatives on the Local Health Board and the Health, Social Care and Wellbeing Partnership Board
- ii) that Cabinet considers how this framework may be developed to apply to other Boards/Partnerships on which the Council is represented
- iii) delegations to individual members and officers to be reviewed to enable them to enter into appropriate commitments on behalf of the Council.

AGENDA ITEM NO: 6 [CABINET 2003 - 83]

REPORT TO CABINET

CABINET MEMBER: Councillor D M Morris, Lead Member for Communications

DATE: 24 June 2003

SUBJECT: IMPROVING SERVICE TO CUSTOMERS

1 DECISION

- 1.1 To confirm commitment to the Council priority to improve customer care.
- 1.2 To agree that a central Contact Centre, supported by a series of One-Stop-Shops, is the preferred method of achieving this and that a separate head of service post will be required to be accountable for this.

2 BACKGROUND

- 2.1 The Council decided in July 2002 that it was a priority to improve Customer contact. The reasons for this included:

- meeting public expectations for consistent levels of high quality service delivery
- improving performance in answering and responding to telephone calls - improving the Council's customer complaints system
- addressing the requirements of modernising government
- delivering on the requirements of e government.

There is clear evidence that for the public, telephone is the preferred method of contact.

- 2.2 It was not possible to fund this priority as part of the budget for 2003/04.
- 2.3 A draft Business Case has been prepared which identifies two options if the Council on its own - an organisation-wide Contact Centre or a

directorate-based series of Contact Centres. Initially indications, albeit at a high level, are that the second option incurs higher costs and does not potentially provide wide-ranging organisational or cultural change.

- 2.4 A further option of seeking ongoing continuous improvement will also not deliver organisational change. However, the process of achieving continuous improvements should be a major part of our management philosophy and reported through the Annual and Quarterly Plans.
- 2.5 Early calculations indicate that the costs associated with operating a Contact Centre are high for both revenue and capital costs, particularly in the early years. The costs are therefore potentially prohibitive if the Council were to proceed alone and the risks considerable.
- 2.6 An explanation of the 3 different options as well as estimates of costs are included in the Appendices as follows:

Appendix 1	Explanation of Options
Appendix 2	Cost Implications

- 2.7 It is considered that a Contact Centre is of such importance that a separate Head of Service post will be required to be accountable for it. The location of the post is yet to be decided and will be subject to advice from the Head of Paid Service.
- 2.8 The proposal is therefore that the Council should seek a public or private partnership. Specialise professional advice is being sought on the terms of an advertisement for the European Journal and local government press, and will be the subject of a further report to Cabinet in July. At this stage it is impossible to comment on the structure of a partnership, that might be entered - if one is set up at all.

3 POWER TO MAKE THE DECISION

Part I Local Government Act 1999 [Best Value], Section 2, Local Government Act 2000 [power to promote wellbeing].

4 COST IMPLICATIONS

There will be short term costs incurred in procurement advice, including legal and financial, and in due course placing advertisements and costs of staff and Member time in discussing with potential partners. Some of these costs can be contained within the e-Government budget, including costs of procurement advice to the Cabinet meeting in July. No additional resources are being sought at this time.

The longer term financial implications are more complex and a detailed evaluation of a range of options will be needed.

5 FINANCIAL CONTROLLER STATEMENT

- 5.1 The longer term cost implications mentioned in the report will need to be considered as part of the budget setting exercise for 2004/5

6 CONSULTATION CARRIED OUT

- 6.1 As outlined in the supporting document, there has already been considerable debate at Monthly Management team meetings, CET, Cabinet and Council - resulting in an identification of the project as a priority.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

- 7.1 The proposals are consistent with the Council's e-Government Strategy, "Delivering Quality Services".

8 RECOMMENDATION

- 8.1 To confirm commitment to the Council priority to improve customer care.
- 8.2 To agree that a central Contact Centre, supported by a series of One-Stop-Shops, is the preferred method of achieving this and that a separate Head of Service post is required to be accountable for this.

1 Explanation of options

1.1 The options are:

- Option 1 – Have no strategic approach to Customer Service
- Option 2 - A strategic approach delivered autonomously in each of the 4 Directorates
- Option 3 – Radically re-organise the way services are currently delivered

1.2 The benefits and risks of each option are summarised as follows:

1.2.1 Option 1 – Have no strategic approach to Customer Service

This option assumes that the Council continues to deliver services as present. It is reactive to service requests and there is no strategic approach to Customer Service. The disparity between rich and poor departments will result in inconsistency in levels of service across the Authority. The customer will be inconvenienced as they will have to contact a number of services in order to undertake more than one type of Council transaction. Customer expectations of the Council will increase with the changes to customer care elsewhere. The Council will be unable to meet these expectations, will be seen as unresponsive to customers and will provide a substandard service in comparison with other Authorities.

There are no realisable savings with this option because a non strategic approach leads to an adhoc requirement for budget to deliver the overall aims which will be greater than that required for a consolidated strategic approach.

This is the highest risk option. Instead of reducing and managing risk this option creates and increases risk in that if the Council does not progress and meet the needs of its customers in line with government policy it will become a failing authority. In the long term this is likely to lead to redundancies due to intervention from central government resulting in the loss of services.

1.2.2 Option 2 – A strategic approach delivered autonomously in each of the 4 Directorates

By making improvements to the way the Council currently delivers services, within the confines of the existing structure, it would be able to advance. The Council would take small steps towards meeting its government targets and service delivery may improve in some areas with efficiencies generated by the use of a limited number of common processes.

This could be in the form of four call centres across the Authority, one in each Directorate. These Directorate based centres could be able to handle enquiries on the services provided by their own Directorate. The customer would benefit from being able to converse with staff familiar with that area of work but will be inconvenienced by having to telephone more than one number if they wish to undertake transactions which are not dealt with by that Directorate. This also places the onus on the customer to understand the Council structure in order to contact the correct call centre for the enquiry they wish to pursue. However, a Directorate orientated approach may deliver joined up results quicker for particular disciplines due to the responsibility and obligation being directly with that business area.

Although it is expected the richer or proactive Directorates will make some progress, the Council would not improve its performance in a consistent level across the Authority as a whole. There

would not be one view of all a customer's interactions with the Council and therefore no continuity in enquiry handling. There would be reduced access to services, as the Council would lack one access point for the customer and an inability to extend opening hours due to diseconomies of scale.

These mini call centres would duplicate each other. While they improve departmental service delivery they would not enhance corporate provision of Services and the image of Denbighshire as a whole to the customer. There would be fewer opportunities to develop common processes resulting in higher overall costs due to a lack of economies of scale.

1.2.3 Option 3 – Radically re-organise the way services are currently delivered

This entails the creation of a new department responsible for the interface to the customer for all Council services. It would encompass a Contact Centre for telephone calls and post, all one stop shops for face to face interactions and also further developments of the web site for electronic service delivery. This option would result in the transfer of staff and budgets from current departments.

With the implementation of this option the Council would improve in the delivery of its statutory functions, be enabled to meet its commitments and, by providing an effective access channel, move towards better social inclusion. Less expensive staff would be supported by computerised information systems, dealing with a high number of incoming calls thereby allowing more skilled staff to be redeployed to concentrate on more complex work thus freeing valuable resource. Common processes and access to all the information on a customer through computerised information systems would ensure consistent levels of service and mean that economies of scale are achieved. The Council would have the opportunity to analyse customer information and service performance in order to better understand current and future requirements and make provision for them. This option would deliver benefits to all stakeholders.

However, in order to achieve radical service improvement there has to be buy in and commitment from senior management, staff and members. There would be a period of difficult organisational and cultural change and service level is likely to be effected during the periods of transition. It is also likely that the number of service requests would significantly increase by an estimated 30% when the public are informed that one point of contact is available.

APPENDIX 2

2 Cost Implications

2.1 There are substantial costs associated with establishing any type of call centre and the significant organisational and system changes in the back office. These consist of one off purchases (capital expenditure) e.g. ICT systems; as well as year on year costs such as salaries (revenue expenditure). These have been identified over a 10 year period. It should be noted that the figures are estimated but provide an indication of the costs involved.

2.2 These costs have been calculated on the basis that the Council undertakes the activity in house, using professional advice on certain areas as required.

2.3 Overview of costs for Option 2 – A strategic approach delivered autonomously in each of the 4 Directorates

Years	1	2	3	4	5	6	7	8	9	10
	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k
Capital	245,000	100,000	100,000	25,000	25,000					
Revenue	1,150,957	2,188,486	2,229,433	2,192,684	2,050,918	2,050,918	2,050,918	2,050,918	2,050,918	2,050,918
Redistributed and Existing Revenue	753,228	1,216,511	1,348,669	1,479,884	1,568,069	1,605,559	1,643,049	1,680,539	1,718,029	1,755,519
Total New Revenue Requirement	397,729	971,976	880,764	712,799	482,849	445,359	407,869	370,379	332,889	295,399

Total new revenue requirement over the ten years £5,298,011

2.4 Overview of costs for Option 3 – Radically re-organise the way services are currently delivered

Years	1	2	3	4	5	6	7	8	9	10
	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k	£ k
Capital	245,000	100,000	100,000	25,000	25,000					
Revenue	855,752	1,704,134	1,831,196	1,810,550	1,668,074	1,672,592	1,672,592	1,672,592	1,672,592	1,672,592
Redistributed and Existing Revenue	753,228	1,216,511	1,348,669	1,479,884	1,568,069	1,605,559	1,643,049	1,680,539	1,718,029	1,755,519
Total New Revenue Requirement	102,524	487,623	482,526	330,666	100,005	67,033	29,543	(7,947)	(45,437)	(82,927)

Total new revenue requirement over the ten years £1,463,611

AGENDA ITEM NO: 7 [CABINET 2003 - 84]

REPORT TO CABINET

CABINET MEMBER: Councillor E A Owens, Lead Member for Finance

DATE: 24 June 2003

SUBJECT: Revenue Budget 2003/04

1 DECISION SOUGHT

That, with the exception of School and College transport and Special Education Needs, all pressures identified in the current financial year as detailed in the attached appendices, should be absorbed by adjusting spending priorities within service base budgets.

2 REASON FOR SEEKING DECISION

The need to deliver the Council's agreed budget strategies.

3 POWER TO MAKE THE DECISION

Local Authorities are required under section 151 of the Local Government Act (1972) to make arrangements for the proper administration of their financial affairs.

4 COST IMPLICATIONS

The first projections undertaken for 2003/04 show current budget pressures on service budgets of £388k.

The pressures identified in respect of Transport and SEN will be the subject of separate reports to the Cabinet meeting in July. The remaining pressures will need to be contained within existing budgets.

5 FINANCIAL CONTROLLER STATEMENT

The Council's financial strategy for the year requires balances to be built up to £2.9m by the year end. Any adverse deviation from agreed budgets will endanger achievement of this objective.

Services should ensure that spending on nonrecurring costs i.e. other than staffing costs, is profiled in a way that provides an element of 'spare budget' during the latter part of the financial year when unexpected pressures often occur.

6 CONSULTATION CARRIED OUT

Lead Cabinet members are consulting on an ongoing basis with Heads of Service to agree necessary remedial action to prevent overspends in 2003/04.

Service Scrutiny Committees will review bids for funding for one off and spend to save proposals shortly.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

The level of funding available to services together with budgetary performance impacts upon all services of the Council.

8 RECOMMENDATION

That members note the figures in the appendices and agree that;

1) Separate reports are brought to the July Cabinet meeting to detail the latest projected costs for delivering the current Council policy on School & College Transport and Special Educational Needs. The reports to include a review of the policies involved.

2) Action is to be taken to contain the remainder of the pressures detailed in this report within the service budgets concerned.

MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2003/04
Summary of Pressures
POSITION AS AT 3 JUNE 2003

Directorate	- Year to Date -		
	Budget Profile	Actual to 3 June 03 Plus Commitments	Variance (Increase/ - Saving)
	£000s	£000s	£000s
Lifelong Learning (excluding schools delegated)	2,406	3,077	671
Environment	2,542	1,791	-751
Personal Services	4,518	4,373	-145
Chief Executive	382	387	5
Resources	901	1,168	267
Corporate, Miscellaneous & Benefits	2,064	2,085	21
	12,813	12,881	68

Non - Service Items:

Contingency
Capital Financing Charges/Investment Income
Precepts & Levies
Contribution to Balances

- 2003/04 Totals -				Projected Variance (Previous Report) £000s
Budget As per Budget Book	Budget As at 3 June 03	Projected Outturn	Variance (Increase/ - Saving)	
£000s	£000s	£000s	£000s	
16,899	17,293	17,681	388	0
18,613	19,129	19,129	0	0
25,852	26,648	26,648	0	0
2,243	2,240	2,240	0	0
4,937	5,007	5,007	0	0
3,870	3,689	3,689	0	0
72,414	74,006	74,394	388	0
100	929	929	0	0
11,283	11,059	11,059	0	0
4,435	4,435	4,435	0	0
1,000	1,000	1,000	0	0
89,232	91,429	91,817		
Total Variance			388	0

Note: The Management Accounting rules of the Council require debtor account entries to be reversed in respect of amounts outstanding for more 30 days after the due date. In the event that debts cannot be collected Services will be required to meet the cost of the debt write-off. This may impact on the actual outturn achieved by Services at the year end.

**MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2003/04
LIFELONG LEARNING
POSITION AS AT 3 JUNE 2003**

	- Year to Date -			- 2003/04 Totals -				Projected Variance (Previous Report)
	Budget Profile	Actual to 3 June 03 Plus Commitments	Variance (Increase/ - Saving)	Budget As per Budget Book	Budget As at 3 June 03	Projected Outturn	Variance (Increase/ - Saving)	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Individual Schools Budget	6,625	5,163	-1,462	39,975	39,975	39,975	0	0
School Funds Held Centrally	1,200	2,096	896	10,004	10,353	10,712	359	0
Non school Funding	71	208	137	388	388	388	0	0
Leisure Services	519	320	-199	3,086	3,136	3,151	15	0
Culture	420	346	-74	2,414	2,423	2,430	7	0
Countryside	104	49	-55	434	434	441	7	0
Youth	92	58	-34	573	559	559	0	0
	2,406	3,077	671	16,899	17,293	17,681	388	0
Total Lifelong Learning	9,031	8,240	-791	56,874	57,268	57,656	388	0

Notes:

Actual expenditure to end May distorted by outstanding year end reserves for 2002/03

<u>Comments</u>	Current Month £ 000s	Previous Month £ 000s
Education Pressures		
School Funds Held Centrally		
School Transport -		
Balance of bid for additional resources	100	0
Impact of variations since budget setting	59	0
	159	0
SEN -		
Balance of bid for additional resources	200	0
	359	0
Culture and Leisure		
<u>Leisure Services Pressures</u>		
Increase in Licensing Fees	8	0
Leisure on-line booking system replacement hardware	7	0
	15	0
<u>Cultural Services Pressures</u>		
Increase in Licensing Fees	2	0
Extension of the Peoples' Network Programme- reduced NOF funding	5	0
	7	0
<u>Countryside Services Pressures</u>		
Statutory Local Biodiversity Action Plan	7	0
	7	0
Directorate Total	388	0
Note:		
The position on School Transport and SEN will be the subject of special reports to Cabinet in July		
The Leisure on-line booking system replacement hardware should be submitted to SMTF as a bid for Capital funding from the unallocated element of the e-Government SCA.		

MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2003/04
ENVIRONMENT
POSITION AS AT 3 JUNE 2003

	- Year to Date -		
	Budget Profile	Actual to 3 June 03 Plus Commitments	Variance (Increase/ - Saving)
	£000s	£000s	£000s
Consultancy Services	334	291	-43
Economic Regeneration	191	161	-30
Highways and Transportation	549	351	-198
Planning Services	156	122	-34
Public Protection & Regulatory Services	1,140	727	-413
Support Services	116	103	-13
Contract Services	56	36	-20
Total Environment	2,542	1,791	-751

- 2003/04 Totals -			
Budget As per Budget Book	Budget As at 3 June 03	Projected Outturn	Variance (Increase/ - Saving)
£000s	£000s	£000s	£000s
1,095	1,225	1,225	0
914	952	952	0
6,697	6,737	6,737	0
935	935	935	0
7,903	8,191	8,191	0
797	817	817	0
272	272	272	0
18,613	19,129	19,129	0

Projected Variance (Previous Report)
£000s
0
0
0
0
0
0
0
0

**MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2003/04
PERSONAL SERVICES
POSITION AS AT 3 JUNE 2003**

	- Year to Date -			- 2003/04 Totals -				Projected Variance (Previous Report)
	Budget Profile	Actual to 3 June 03 Plus Commitments	Variance (Increase/ - Saving)	Budget As per Budget Book	Budget As at 3 June 03	Projected Outturn	Variance (Increase/ - Saving)	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Children Services:								
Children and Families Services	792	811	19	4,094	4,244	4,414	170	0
Community Development	35	24	-11	274	221	214	-7	0
Performance Management & Support	69	65	-4	381	421	396	-25	0
Adult Services:								
Intake A & C M (North)	925	939	14	5,333	5,327	5,416	89	0
Preserved Rights/RCA	567	424	-143	3,404	3,404	2,943	-461	0
Intake A & C M (South)	629	527	-102	3,772	3,767	3,556	-211	0
Adult Services (Provider)	964	990	26	5,682	5,677	5,833	156	0
Performance Management & Support	371	345	-26	1,515	2,020	2,009	-11	0
Business Support & Development	152	222	70	1,313	1,494	1,754	260	0
Non HRA Housing	14	26	12	84	73	113	40	0
Total Personal Services	4,518	4,373	-145	25,852	26,648	26,648	0	0

Children and Families

As in 2002/03, Fostering will be the major drain on the 2003/04 budget.

Intake A & C M (North & South)

No full decision has yet been made re the allocation of the DTOC money.
Full year effect of RCA still unclear, spend shown is a conservative estimate.
Also further legislative changes to RCA to take place in October.

Adult Services - Provider

Elderly Residential Services continue to be a major pressure area.

Business Support & Development.

Pressure areas include IT and central telephone recharges due to budget shortfalls.

MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2003/04
CHIEF EXECUTIVE, RESOURCES, CORPORATE & MISCELLANEOUS
POSITION AS AT 3 JUNE 2003

	- Year to Date -			- 2003/04 Totals -				Projected Variance (Previous Report)
	Budget Profile	Actual to 3 June 03 Plus Commitments	Variance (Increase/ - Saving)	Budget As per Budget Book	Budget As at 3 June 03	Projected Outturn	Variance (Increase/ - Saving)	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Chief Executive's Dept	382	387	5	2,243	2,240	2,240	0	0
Resources Directorate:								
Finance	491	747	256	2,115	2,185	2,185	0	0
Audit	51	59	8	299	299	299	0	0
I.T	263	243	-20	1,649	1,649	1,649	0	0
Personnel	96	119	23	874	874	874	0	0
Total	901	1,168	267	4,937	5,007	5,007	0	0
Corporate & Miscellaneous								
Benefits	245	263	18	3,386	2,905	2,905	0	0
	1,819	1,822	3	484	784	784	0	0
Total	2,064	2,085	21	3,870	3,689	3,689	0	0
Total Chief Executive's, Resources, Corporate & Misc. and Benefits	3,347	3,640	293	11,050	10,936	10,936	0	0

AGENDA ITEM NO: 8 [CABINET 2003 - 85]

REPORT TO CABINET

**REPORT BY: COUNCILLOR W R WEBB - LEAD MEMBER FOR
PROPERTY AND ASSET MANAGEMENT**

DATE: 24 JUNE 2003

SUBJECT: MINOR DISPOSALS - DELEGATION

1.0 DECISION SOUGHT

1.1 That Cabinet grants the Chief Executive delegated powers to sell land/property at an open market value of less than £10,000.

2.0 REASON FOR SEEKING DECISION

2.1 A considerable number of requests are received to purchase small parcels of land/property to extend gardens, provide parking spaces, extensions to garages etc.

2.2 Upon receipt of a request, consultation is undertaken with Local Members and Service Property Officers and title and boundaries are checked. A report is then submitted to the Asset Management Committee to consider the sale of the land/property.

2.3 Due to the amount of requests received and the lengthy processes, considerable Officer resources are spent on dealing with disposals that only generate a small capital receipt.

2.4 To alleviate the time allocated to such work it is felt that for small disposals, the time spent on such matters should be reduced. This could be achieved by granting the Chief Executive delegated powers to sell land/property under a market value of £10,000 thus negating the requirement to seek Asset Management Committee approval.

3.0 POWER TO MAKE THE DECISION.

- 3.1 S.123 of Local Government Act 1972 gives the power to dispose of land. Under Article 7.6 of the Constitution, "only the Cabinet may delegate its functions".

4.0 COST IMPLICATIONS

- 4.1 Reduction in Officer time in dealing with small disposals.

5.0 FINANCIAL CONTROLLER STATEMENT

The report recommendation supports the objective of meeting the Council's target for generating capital receipts which are required to assist the financing of the Council's Capital Plan.

6.0 CONSULTATION CARRIED OUT

- 6.1 Asset Management Committee and Group support.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

- 7.1 Supports Capital receipts Target.

8 RECOMMENDATION

- 8.1 That Cabinet approves the granting of delegated powers to the Chief Executive to dispose of land/property, at a market value of less than £10,000. Any terms would be agreed in consultation with the County Clerk. This delegation does not include disposals to which the Local Member(s) have objections.

AGENDA ITEM NO: 9 [CABINET 2003 - 86]

REPORT TO CABINET

CABINET MEMBER: COUNCILLOR E A OWENS, LEAD MEMBER FOR FINANCE

DATE: 24 June 2003

SUBJECT: PUBLIC WORKS LOAN BOARD - RESCHEDULING OF LOANS

1 DECISION SOUGHT

Denbighshire County Council's Treasury Management Strategy for 2003/04 states that all rescheduling will be reported to Cabinet on a timely basis at a meeting following its action. In accordance with the Strategy, Cabinet is asked to note and endorse the action taken.

2 REASON FOR SEEKING DECISION

On Monday 24th March 2003, arrangements were put in place for an early redemption of the following Public Works Loan Board (PWLB) loans with the full principal sums of £20,136,000 repaid.

Loan Reference	Principal £	Rate %	Maturity Date
484143	14,136,000.00	4.875	30 April 2015
484007	6,000,000.00	4.875	30 April 2015

This sum of £20,136,000 was refinanced the same day with the following PWLB loans.

Loan Reference	Principal £	Rate %	Maturity Date
487663	4,136,000.00	4.600	31 March 2009
487664	4,000,000.00	4.650	31 March 2010
487665	4,000,000.00	4.700	31 March 2011
487667	4,000,000.00	4.750	31 March 2013

This action was primarily taken to reduce the interest rate risk and the potential forward budgetary impact of refinancing over £20m in 2015/16. The maturity dates of the replacement loans were set to reduce the impact of refinancing exposure in future years. The precise timing of this action was determined by interest rate conditions which were advantageous to the council.

3 POWER TO MAKE THE DECISION

Section 43 of the Local Government & Housing Act 1989 empowers local authorities to borrow money for any purpose relevant to their functions under any enactment.

4 COST IMPLICATIONS

The transaction generated a discount in the region of £40,000 arising from the premature redemption of the existing loans. Additional benefits of annual interest savings of £30,000 were also achieved.

5 FINANCIAL CONTROLLER STATEMENT

It is a requirement under the terms of the Council's Treasury Management Strategy for Cabinet to be advised of all debt restructuring undertaken. The action taken will significantly contribute to the future financial security of the Authority.

6 CONSULTATION CARRIED OUT

This action was taken in close liaison with the Council's external treasury advisors.

7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE

The management of the Council's debt portfolio and its maturity profile safeguards the future progress towards the fulfilment of all the Council's policies.

8 RECOMMENDATION

Cabinet is asked to note and endorse the content of this report.