

## **Agenda Item No 2**

### **CABINET**

Minutes of the Cabinet meeting held in the Town Hall, Rhyl on Tuesday 27 January 2004 at 10.00 a.m.

### **PRESENT**

Councillors P A Dobb, Lead Member for Health & 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; R W Hughes, Lead Member for Lifelong Learning; 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, Lead Member for Economic Wellbeing.

Observers: Councillors M L Davies, S Drew, D Jones, N Hugh Jones, M M Jones, R E Jones, R J R Jones and P O Williams.

### **ALSO PRESENT**

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

## **1 URGENT MATTERS**

[i] Item 9 Managing School Places - a revised report was circulated.

## **2 MINUTES OF THE CABINET**

The Minutes of the Cabinet meeting held on 13 January 2004 were submitted.

Item 3 Revenue Budget - Page 4 second paragraph - Councillor E A Owens asked that the second sentence be amended to read "...Children's Services budget could be expected to produce savings."

Item 3 Revenue Budget - Page 4 sixth paragraph - Councillor R W Hughes asked that an additional sentence be included "The Corporate Director: Lifelong Learning informed Members that Lifelong Learning Directors of all Wales Authorities would be writing to the Assembly regarding the cuts in GEST funding."

***RESOLVED*** that subject to the above, the Minutes of the Cabinet meeting held on 13 January 2004 be approved as a correct record and signed by the Deputy Leader.

### **3 IMPROVING HOUSING STOCK**

The County Clerk confirmed that Councillor J A Smith would be able to vote on the item although he was a designated member of the Working Party.

The Deputy Leader welcomed Mr John Patterson, Tenant's Representative and member of the Working Party to the meeting.

Councillor P A Dobb presented the report detailing the progress on reviewing options for the funding of improvements to the housing stock required by 2012. Cabinet were asked to recommend to Council which option should be adopted in order to fund improvements to the housing stock:

- [a] stock transfer to a newly formed local housing company or
- [b] retention of the housing stock and funding of improvements required via prudential borrowing.

Councillor E A Owens expressed her concern on the need for Cabinet to make a decision on the item. The Chief Executive said Cabinet should endeavour to make a recommendation to Council so that there was a clear focus for debate but the final decision would be made by Full Council.

Councillor P A Dobb expressed her concerns that the costs for prudential borrowing could increase rents by an average of 8.06% each year until 2012 and asked whether the tenants would pay the increased rents. She informed Members that the working party had worked diligently on possible housing stock transfer and were in favour of

transfer to Dyffryn Community Housing. The transfer to Dyffryn Community Housing could mean an average increase of 4.07% a year and the homes would be improved to the standard required. Councillor Dobb drew Members' attention to paragraph 4.8 of the report and said that capital receipts of £2.1m would be received by Council from the preserved right to buy sales which would fund improvements in the Council Fund if stock transfer was agreed.

Councillor E A Owens said the implications of housing stock transfer was 1.5% - 4% extra on the Council Tax which would have an impact on future spending on services, which could mean an additional burden on each Council Tax payer. Councillor Owens emphasised that if housing stock was transferred to Dyffryn Community Housing, the Association would not be bound to buy any services from the Authority. However, there would be some capital benefit to the Authority from a stock transfer to the Association which would not occur with prudential borrowing.

Mr J Patterson detailed the views of the tenants and said they appreciated how difficult the decision was. However, he said a possible 100% increase in rents over 8 years, if the Authority opted for prudential borrowing, to bring the stock up to the required standard was unfair. He said the tenants would prefer to make the decision on stock transfer or prudential borrowing.

Councillor R W Hughes said all Councillors were agreed how important it was to fund repairs to housing stock and that this was a bigger issue than increases in rents. She said all Councillors should debate the matter fully and make the decision. Councillor Hughes said that other Authorities did not appear to favour stock transfer and she would be in favour of prudential borrowing.

Councillor G M Kensler expressed her concerns particularly with regard to paragraph 4.2 confirmation still awaited from WAG regarding unused provision for bad debt remaining with the Authority, paragraph 4.4 other unquantified costs and paragraph 4.5 that WAG have stated only in principle the funding of up to 50% of reasonable pre-ballot costs.

In response to a query, the County Clerk confirmed that Cabinet would provide a steer and would be making a recommendation to Council, with

the final decision resting with Full Council. He said Council would note the Cabinet's debate and a steer from Cabinet would be of assistance in the decision making process. He reminded Members that, if stock transfer was the preferred option, the final decision would rest with the tenants but, if prudential borrowing was preferred, the tenants would have no decision to make.

The Head of Housing Services informed Members that tenants would have any rent increases paid if they were in receipt of housing benefit, within certain limits and it was expected any increases in benefit for the next 8 years at current levels would be paid by the Department of Work and Pensions to the Local Authority.

The Chief Executive thanked the staff for the detailed report and said much work had gone into producing the report. He asked that the report to Council should include the number of tenants currently in receipt of benefits and also the number of pensioner tenants. Turning to the right to buy level, the Chief Executive said the model assumed that this could be as high as 1,000 over the next 10 years.

Councillor G M Kensler abstained from voting.

***RESOLVED*** that Cabinet recommend to Council the retention of the housing stock and funding of improvements required via prudential borrowing.

#### **4 HOUSING REVENUE ACCOUNT: REVENUE AND CAPITAL BUDGETS 2003-2004 AND 2004-2005**

Councillor P A Dobb presented the report seeking Members' agreement to set the Housing Revenue Account budgets and increase rents.

Councillor E A Owens reminded officers that the report should also be in the name of the Lead Member for Finance.

Members were informed that rebalancing of the rents between the north [higher rents] and south [lower rents] of the County was continuing.

**RESOLVED** that Members agree:

- [a] *that the Housing Revenue Accounts, Capital and Revenue be adopted.*
- [b] *that rents for Council dwellings be increased in accordance with the amended Rent Setting Policy in Section 2.5.8 of the report (average 4.1%) from Monday 5 April 2004.*
- [c] *that rents for Council garages be increased by 10p per week with effect from Monday 5 April 2004.*
- [ch] *if the Council adopts Prudential borrowing as the preferred option to improve the housing stock, then a further report be presented on additional rent increases and associated capital programme and estimates.*
- [d] *if the Council adopts stock transfer as the preferred option to improve the housing stock, then a further report be presented detailing amendments to the 2004/05 HRA budget and capital programme.*

## **5 POLICY AGREEMENTS**

Councillor E W Williams presented the report seeking Members' agreement to the proposed national and local indicator information to form the basis for the Authority's policy agreement with the Welsh Assembly Government as listed in the appendix to the report.

Councillor P A Dobb asked how Social Services in particular were expected to meet the targets set, when the £720k special care grant had been allocated elsewhere. In particular how was the Authority to achieve NAWPI 3.13 the number of older people 65 or over helped to live at home per 1000 population, without more investment. She said unnecessary pressures were being put on the Department.

Councillor G M Kensler said the number 2 local indicators on page 6 were vague and asked how they would be measured. The Chief Executive confirmed that only one health indicator was required and

Cabinet could make the decision which would be adopted. He said his recommendation was for the healthy living scheme which incorporated advice and information on nutrition, the walking to health scheme adopted in Rhyl etc.

Councillor E W Williams said this was not the final list of indicators and the Corporate Director: Resources would be checking all the figures.

**RESOLVED** that:

*[a] Members approve the indicators detailed in the appendix to the report as a basis from which to open up discussion with the Assembly, subject to being assured of the level of available finance to fund the targets.*

*[b] Cabinet agrees a consultation programme on these proposals with the Scrutiny Committees, the business sector and the Voluntary Sector.*

*[c] the Corporate Director: Resources carries out a quality check on all of the figures in the attachment.*

## **6 REVENUE BUDGET 2003-2004**

Councillor E A Owens presented the report which advised Members that all the pressures identified after 31 December 2003 would have to be met by Directorates but that the projected overspend of £605k at end December 2003 could be absorbed by in year savings on capital financing costs. A review of Capital Finance and Corporate budgets had been undertaken and revealed savings on interest costs, improved cash flow and slippage in capital payments. This would result in a saving in excess of the projected overspend.

**RESOLVED** that Cabinet note the figures in the appendices and note that actions would be required to ensure the achievement of the 2003/2004 revenue budget strategy to contribute £1.0m to balances.

## **7 REVENUE BUDGET 2004-2005**

Councillor E A Owens presented the report for Members to:

- [a] note and agree the updating of the bids for additional funding in 2004/05, as detailed in appendix 2 of the report, following an exercise to firm up on the detailed budget position
- [b] note and agree the impact of these changes as reflected in Appendix 1, and recommend the overall proposals to Council.
- [c] note the potential impact of the reduction in GEST funding in the next financial year
- [ch] note that in accordance with S45A of the Schools Standards & Framework Act 1998, Members agree the provisional Schools Budget for 2004/2005.

Councillor Owens detailed the changes from the previous report, in particular an adjustment to the provision for increased costs of private care providers, the reduced grant for SALT and funding for additional specialist audit needs.

Councillor Owens reported that a review of capital financing costs had indicated a reduced requirement in the next financial year although this was subject to interest rate movements. The balance of the PI Grant had also been utilised. The impact on the Council Tax for the following year could be reduced to 4.5% although a number of residual bids still required consideration. Costed options were required for Council. If a 4.5% Council Tax increase was achieved, this would guarantee a minimum programme. With regard to the GEST funding, Councillor Owens stressed how important it was for the Minister to see the effect of the cut in funding.

Councillor P A Dobb said the level of increase for private care providers at only 6% could lead to the possibility of homes closing. Councillor Owens suggested Council could be asked for their support on this funding.

Councillor W R Webb suggested Members should consider leaving the 6.1% Council Tax increase as previously recommended which could help with funding the Personal Services' budget. Council had not suggested the level of Council Tax increase should be reconsidered. Councillor Owens said her understanding had been to reconsider the requirements of front line services and leave County Council some room to manoeuvre on the final level of Council Tax.

Councillor E W Williams said Members could consider putting say £200k into prudential borrowing which would allow for development of services. Councillor G M Kensler referred to the unconfirmed ELWa funding for 6th form costs and also the suggestion of additional capital expenditure through the prudential borrowing scheme.

Councillor R W Hughes referred to school transport and in particular to the safety aspects. She suggested the formation of a task and finish group to consider all aspects of school transport including misconduct by pupils, vehicle maintenance, driver training etc and the need for a phased programme of improvements.

Councillor E C Edwards referred to Brynhyfryd School and said the current problems with regard to health and safety had been resolved. However he understood there were similar concerns regarding many of the schools in Denbighshire and reminded Members that there would be extra pressures on the Education Department.

The Corporate Director: Lifelong Learning stressed the impact the 30% reduction in the GEST funding from 01.04.2004 would have as there was a historical dependency on this funding to deliver services.

Owing to the ELWa funding figures not having been confirmed, the Chief Executive said Denbighshire would only be able to respond to the Welsh Assembly Government with provisional information on the schools' budget by the closing date.

In response to a query from Councillor E W Williams, the Chief Executive said that if Council opted for prudential borrowing for housing, it would impact on housing rents but not the Council budget.



**RESOLVED** that:

- [a] Members note and agree the updating of the bids for additional funding in 2004/2005, as detailed in appendix 2 attached to the report, following an exercise to firm up on the detailed budget position.*
- [b] Members note and agree the impact of these changes as reflected in Appendix 1, and recommend the overall proposals to Council.*
- [c] Members note the potential impact of the reduction in GEST funding next financial year.*
- [ch] in accordance with S45A of the Schools Standards & Framework Act 1998, Members agree the provisional Schools Budget for 2004/2005.*
- [d] a task and finish group for school transport be established as suggested by Councillor R W Hughes.*

At this juncture (11.30 a.m.) the meeting adjourned for 10 minutes to allow Members to participate in refreshments.

## **8 SPORT AND RECREATION SERVICES BEST VALUE REVIEW**

Councillor G M Kensler presented the report seeking Members' consideration of the Best Value review prior to final inspection by the Audit Commission, including receiving a report on the 4Cs of Best Value [Challenge, Consult, Compare and Compete], agreeing service delivery options and approving a Sport and Recreation Services Improvement plan. Councillor Kensler welcomed Mark Harwood, APSE to the meeting and thanked him and the Sport and Recreation team for their report.

Councillor R W Hughes expressed her thanks for the comprehensive report and said the Leisure Department were providing good services in Denbighshire.

Councillor E W Williams said the recreation centres should be linked in with schools and suggested setting up a task and finish group to consider joint working between school canteens and leisure centre cafes. He also suggested the group consider any available income stream.

Councillor W R Webb said he was pleased with the report but reminded Members that, if funding was available, it was also equally important to fund residential homes.

Councillor E A Owens said the 40% arrangements with leisure centre funding and opening hours to the public should be reviewed to ensure the public gain maximum access to the centres. Councillor G M Kensler agreed that dual use agreements should be considered.

Councillor E C Edwards also congratulated the staff on their achievements. He said shared facilities were a way forward but security for children and young people was of paramount importance and the necessary funding needed to be in place to resolve any problems with security measures.

***RESOLVED*** that Cabinet:

- [a] endorse the assessment of the 4 C's of Best Value (Challenge, Consult, Compare and Compete) in respect of Sport and Recreation Services.*
- [b] agree to retain in house delivery of Sport and Recreation Services.*
- [c] approve the Sport and Recreation Services Improvement Plan.*
- [d] recommend the Leisure Centres' Capital Improvement Plan to Council for inclusion in the Council's Capital Plan.*

## 9 MANAGING SCHOOL PLACES REVIEW

Revised report circulated to all Members.

Councillor R W Hughes presented the report requesting Members to endorse the approach and project plan in light of the WAG guidance on School Organisation Proposals. Members were also asked to note the dependency of future progress on resource availability and the indicative budget modelling.

The Project Manager for Managing School Places detailed the time and task constraints and said meetings had been held with staff, parents and the community in Denbigh but had been poorly attended. A further meeting had been rescheduled for the following month. He said the project would necessarily slip by a few weeks. He went on to detail the three possible scenarios arising from the review, as detailed in Annex 1 to the report.

Councillor W R Webb said no figures were included on rural school capacity. Therefore Members could not make any decision on the report. He asked why one rural school had been vacated 12 months earlier but had not been declared surplus to requirements by the Education Department, thus enabling its possible disposal by the Asset Management Committee. The Chief Executive gave an undertaking that there would be a report to the Asset Management Committee on 6 February 2004 to seek possible disposal of the site.

After further discussion Members agreed to delete the third and fourth Recommendations.

***RESOLVED*** that Members note the project progress to date and endorse the approach and the project plan.

## 10 YOUTH CLUB BUILDINGS

Councillor J A Smith presented the report seeking Members' confirmation of priorities for action as detailed in the report.

**RESOLVED** that Members confirm the priority list outlined in section 2 of the report (Reasons for Making the Decision priority list numbered 1-7).

## 11 ACCOMMODATION FOR THE REGISTRAR IN NORTH DENBIGHSHIRE

Councillor W R Webb presented the report seeking Members' consideration of the options for relocating the Registrar's Service from Morfa Hall, Rhyl, and approve a solution and funding for it in the proposed capital plan for 2004-2005. He suggested the most appropriate venue for the Service was the Botanical Gardens.

Councillor R W Hughes said the Botanical Gardens was by far the best site and many wedding parties currently went to the Gardens to take photographs.

Councillor E A Owens said many of the residents and all Rhyl Councillors were against housing the Service in the Botanical Gardens and a petition had been received against the move to the Gardens. She said the Gardens had been left to the residents to be used as a community facility. Councillor G M Kensler said Cabinet should note the views of the residents.

**RESOLVED** that Members:

[a] *note the urgent need to relocate the Registrar's Service from Morfa Hall, Rhyl*

[b] *consider the available options*

[c] *authorise Officers to proceed with relocating the Service to the Morfa Clwyd Business Centre, with a best value review to be undertaken in two years' time to examine all the options for the future*

[ch] *recommend to Full Council the allocation of sufficient funding to effect the move within the proposed 2004 / 2005 Capital Plan and (in the case of Morfa Clwyd) revenue budget*

## **12 CUSTOMER SERVICE CENTRE / CUSTOMER RELATION MANAGEMENT SYSTEM**

Councillor D M Morris presented the report seeking approval to a capital and revenue bid to allow progression towards implementing a Customer Service Centre and associated Customer Relation Management [CRM] system. Councillor Morris said the £12k unlimited seat package should be progressed and a review carried out for the best direction in the long term. Members had been invited to attend a presentation on the system and centre on 25.02.2004.

Councillor R W Hughes reminded Members it was essential that staff from the One Stop Shops be involved with and become an integral part of the centre as they had much experience with this work.

The Head of ICT outlined to Members the full closed loop system and detailed the need for a project manager.

Members agreed the need for a further report to include the various options and full costings on the systems.

***RESOLVED*** that Cabinet agrees to propose the allocation of the funding required to progress Option 3 detailed in the report for the implementation of a Customer Service Centre / Customer Relationship Management system, subject to final ratification of its decision at its meeting on 23 March 2004.

## **13 DECRIMINALISATION OF ON STREET CAR PARKING**

Councillor M A German presented the report seeking Members' agreement to Penalty Charge Notice [PCN] levels, contravention codes and to agree to entering a joint committee with the National Parking Adjudication Service.

Members expressed their concern at illegal parking which affected businesses but said, if problems arose with loading, businesses could discuss enforcement with officers.

The Chief Executive reminded Members that an Adjudication Service had to be established in order that it could receive and adjudicate on appeals. In response to a query on the charges, he said there was a 50% discount on the £60 fine offered if payment of £30 was received within 14 days. The level of fines is no higher to that levied previously by the Police.

In response to a query from Councillor E C Edwards, the Corporate Director: Environment confirmed Ruthin had the only car park study presently being carried out in the County.

Councillors P A Dobb and W R Webb voted against the proposal.

***RESOLVED** that Members agree that the Penalty Charge Notice level be set at £60.00 and the contravention codes shown in Appendix 1 of the report be adopted. Members further agree to enter into the joint committee for the National Parking Adjudication Service.*

#### **14 CORPORATE PARENTING - REPORT BACK ON THE CORPORATE PARENTING TRAINING EVENT FACILITATED BY SYNIAD**

Councillor J A Smith presented the report seeking Members' endorsement of the recommendations and specific actions arising from the corporate parenting training event. Members were also asked to agree that a Social Services Practice Review Forum be established, as detailed in the report.

***RESOLVED** that Members endorse the recommendations and specific actions arising from the corporate parenting training event. Members also agree that a Social Services Practice Review Forum be established, as detailed in the report.*

#### **15 SCHOOL AND COLLEGE TRANSPORT POLICY**

Councillor N Hugh Jones, Chair Lifelong Learning Scrutiny Committee presented the report requesting Cabinet to review its previous decision that, in respect of denominational schools, free transport would be

provided only where the religious education provided is that of the religion or denomination to which the pupil's parent adheres.

Members discussed the possibility of a future policy change and agreed to pursue possible policy change in the future. The Chief Executive said consultation would be carried out and a report brought to Cabinet on any proposed changes for 2005.

**RESOLVED** that Cabinet:

*[a] reconsider its earlier decision to agree to amend the wording of the school transport policy in terms of the definition of "appropriate school" so that, in respect of denominational schools, free transport will be provided only where "the religious education provided is that of the religion or denomination to which the pupil's parent adheres", on the grounds that (1) no consultation has taken place with those likely to be affected and (2) Cabinet did not have before them all relevant information on which to base an informed decision*

*[b] consult on amending the School Transport Policy so that with effect from September 2005 the definition of "appropriate school" be amended as resolved on 22.07.2003, this change clarifying when free transport is to be provided in respect of denominational schools and Welsh medium schools*

*[c] considers a further report in good time before parents make choices for September 2005.*

At this juncture (1.15 p.m.) the meeting adjourned for 30 minutes to allow Members to participate in refreshments.

## **16 URGENT ITEMS**

There were no Urgent Items

## **QUESTION AND ANSWER SESSION**

There were no outstanding questions.

## **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 5, 7, 8, 9 and 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

## **PART II**

### **17 MINUTES OF THE CABINET**

The Minutes of the Cabinet meeting held on 13 January 2004 were submitted.

Item 4 TAIH Constitution: The Chief Executive updated Members with regard to the request that Cabinets should agree the recommendation as to which of the North Wales Authorities would be the lead authority. He said Finance Officers would be scrutinising all the finances of the Consortium.

After discussion it was:

***RESOLVED*** that *Denbighshire withdraw its request that Cabinet endorsement of the proposed management authority was required.*

### **18 3 YEAR CAPITAL PLAN**

Councillor E A Owens presented the report for Members to note the capital investment requirements for the 2004/2005 General Funded element of the Capital Plan and to recommend to Council the strategy proposals as set out in paragraph 8 of the report.

As outlined, the rolling forward of the Block Allocations in full allowed no room for additional projects. She therefore suggested that the following should be included in the capital plan:



Disability access  
Best Value Leisure Allocation  
Customer Contact Centre  
E-payments  
Work on Morfa Clwyd to house the Registrar's Service  
Software for decriminalisation  
Health and Safety for Care Homes  
ICT for Disaster Recovery / Emergency Generator  
Youth clubs  
Existing shortfall

funded by a 50% withholding in Block Allocations until capital receipts available

Councillor E C Edwards asked whether the Glasdir monies were being used to fund the vehicle maintenance depot. Councillor E A Owens said the cost for the vehicle maintenance depot was being funded from the Glasdir capital receipt / contract services reserves and that the proposals assume finance for remodelling the depot at Lon Parcwr would not be required until 2005-2006.

The Chief Executive reported that ELWa had informed the Council on Monday that £3m funding would not now be available for funding of community learning resource centres, although ELWa had included this in their strategy for North Wales for the past 12 months. Match funding from Objective 1 was now at risk. Members discussed the situation in detail and agreed that strong representations be made to ELWa on 30.01.2004. It was also agreed that ELWa be billed for all design costs incurred to date.

Members agreed that Assembly Members be contacted direct regarding the situation and further agreed it was appropriate a press notice from the Cabinet regarding the situation should be issued as soon as possible. The Welsh Assembly Government were responsible for ELWa and funding should not be discontinued after 12 months.

***RESOLVED*** that Cabinet recommends to Council:

*[a] that after allowing for rollover costs of existing schemes, block allocations of 50% of earlier financial years form the basis of*

*the initial Capital Plan for 2004/2005, to enable priority schemes outlined at the Cabinet meeting to be included in the Capital Plan.*

*[b] that the potential Prudential Borrowing schemes listed in Appendix 1 are recommended to Council for inclusion in the Capital Plan strategy for 2004/05 and future years, along with schemes to be financed by earmarked capital receipts and reserves.*

*[c] the schemes identified from the Service Asset Management Plans and the Service priorities are reviewed and prioritised for inclusion in the Capital Plan when sufficient capital receipts have been generated.*

## **19 CORWEN TOWN FLOOD ALLEVIATION SCHEME: EXTENSION OF CONSULTANCY AGREEMENT**

Councillor M A German presented the report seeking Members' approval to an extension of a contract with a consultant previously commissioned by single tender action.

***RESOLVED*** that Cabinet approve the extension of the existing contract as detailed in the report in accordance with Contract Standing Orders.

## **20 EXEMPTION TO CONTRACT STANDING ORDERS: PROCUREMENT OF IT INFRASTRUCTURE**

Councillor M A German presented the report seeking Members' agreement to an exemption from the tendering procedure as required by Contract Standing Orders to allow a contract to be awarded for the procurement of an IT system for decriminalised parking enforcement to the lowest compliant price received under a quotation procedure.

***RESOLVED*** that Members agree to an exemption from the tendering procedure, as required by Contract Standing Orders, to allow a contract to be awarded for the procurement of an IT system for

*Decriminalised Parking Enforcement to the lowest compliant price received under a quotation procedure.*

## **20 COMMUNITY PROJECTS BLOCK ALLOCATION**

Councillor E A Owens presented the report seeking Members' agreement to reallocate a community project grant previously awarded to Llandegla Community Council for the provision of changing facilities to be used for the purchase of play equipment.

Members received a letter of support for the reallocation of the grant from Councillor D M Holder, Local Member.

***RESOLVED*** that Cabinet approves the reallocation of the community project grant previously awarded to Llandegla Community Council to allow it to be used for the purchase of play equipment

The meeting concluded at 2.25 p.m.

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**Report to Cabinet**

**CABINET MEMBER: Cllr P A Dobb, Lead Member for Health and Wellbeing**

**DATE: 17 February 2004**

**SUBJECT: Residential Homes/Housing, Support and Care for older people**

**1 DECISION SOUGHT**

To seek agreement to a set of proposals for developing accommodation, support and care options for older people in Denbighshire, linked to resolving the future of the Authority's four residential homes

**2 REASON FOR SEEKING DECISION**

2.1 A series of recommendations has been agreed by Cabinet in relation to planning for the social care, health and housing needs of older people and in terms of the Best Value Review of Residential Homes. The current position on decision-making is set out below.

2.2 The recommendations in this report seek to pull together complex strands of work and propose a measured way forward which makes sense in terms of the developing multi-agency agenda responding to the current and future needs of older people, and in terms of the future of our residential homes.

2.3 On 22 July 2003, Cabinet resolved that

*(a) the decision taken (by Council) on 24.06.2003 be reviewed and Cabinet establishes, within six months, following visits to other Authorities, whether or not the options ruled out on 24.06.2003 represent a workable, best value solution, and*

*(b) agreed the letter from the Section 151 and Monitoring Officers be circulated to all Councillors as a matter arising from the Minutes of the last Council meeting*

2.4 In November 2003, Cabinet considered a paper on "Planning Social Care and Housing Services for Older People in Denbighshire" and resolved

*(a) Cabinet endorses the need for whole systems planning for older people in partnership with other agencies and participation in the development of the Service and Estates Strategy with health services in particular*

*(b) Cabinet endorses the notion of locality planning of social care and housing services for older people, as described in paragraph 4.3 of Annexe I attached to the report, in a County framework*

*(c) further detailed work is undertaken and incorporated in the Housing Strategy identifying how the housing needs of older people can be addressed more fully through the use of capital resources and Social Housing Grant*

*(ch) any transfer agreement arising from Housing Stock Transfer covers arrangements to ensure continuing co-operation to meet the housing and care needs of older people*

*(d) Cabinet agrees to consider the inclusion of funding for essential health and safety related capital works in local authority residential homes in the Capital Programme for 2004/05 and support funding from slippage in 2003/04, if available, pending the determination of their longer-term future*

*(dd) a programme of learning opportunities is agreed for Members and officers to enable greater understanding of future options and best practice in services for older people*

2.5 On January 27 2004, Cabinet discussed the HRA Revenue and Capital budgets. This meeting adopted a partial HRA Capital Programme for 2004/05, with £1m currently unallocated, with

agreement on its use to be agreed subject to further consultation, and based on priorities in the Local Housing Strategy and targets set in the policy agreement. Subject to agreement, some of this could be used to refurbish current traditional sheltered housing to better meet the needs of an ageing population.

- 2.6 Council on 3rd February agreed that Cabinet should consider potential use of prudential borrowing in 2004/05 to fund the redevelopment of residential homes. This was to be considered as part of the report back on residential homes referred to in paragraph 2.2 a) above, with a potential recommendation back to Council on February 26 2004.
- 2.7 Annex A updates Members with information arising from the visits to other authorities, related information gathering and updated costings.

### **3 POWER TO MAKE THE DECISION**

Under section 47 of the NHS and Community Care Act 1990, local authorities have a duty to plan to meet the social care needs of older people, consulting with related agencies and representatives of service user groups and carers. Section 4 of the NHS Health Care and Related Professions Act 2002 places a duty on local authorities and Local Health Boards in Wales to prepare Health, Social Care and Wellbeing Strategies for their areas setting out strategic and commissioning priorities.

### **4 COST IMPLICATIONS**

4.1 Initial revenue costings suggest that very sheltered housing is very cost effective to the local authority in comparison with residential care though further work is required (see para 5.5 of Annex A).

4.2 The cost of capital works to upgrade the existing residential homes to provide en suite facilities is estimated as between £2.21m and £3.18m depending on the level of refurbishment undertaken.

4.3 Detailed costings have not yet been undertaken for the capital costs involved in conversion of existing residential homes or current

traditional sheltered housing schemes in Denbighshire to very sheltered housing, though outline costings relating to the residential homes will be available at the Cabinet meeting. A feasibility study for the redevelopment of one sheltered housing scheme in Rhyl is currently awaited.

4.4 Detailed costings would be part of the feasibility process to develop a pilot scheme. Information is available from other authorities that have converted residential homes, and traditional sheltered housing, and from those who have undertaken newbuild, but this is of limited value in assessing costs involved on our sites.

4.5 There will be staff and design costs involved in establishing the feasibility of a pilot scheme with perhaps a maximum of 15% of the overall capital costs of the pilot to be incurred in 2004/05. Staff costs of locality planning will be met through existing resources.

## **5 FINANCIAL CONTROLLER STATEMENT**

It appears unlikely that significant expenditure will be incurred next financial year on any building or adaptation works to the Residential Homes. Spend would probably be restricted to design and preliminary activities. Capitalised design fees of about £300k would result in an ongoing charge to revenue of about £30k, if funded through the Prudential Borrowing system. The impact of this on the level of Council Tax for 2004/05 would be an increase of 0.1%.

## **6 CONSULTATION CARRIED OUT**

6.1 Personal Services Scrutiny Committee considered Recommendations 8.1 to 8.5, 8.8 and 8.9 at their meeting on January 21st, and gave unanimous support to their submission to Cabinet.

6.2 The Cabinet report has been submitted to both the Local Health Board and the Conwy and Denbighshire Trust, and their comments will be reported to Cabinet.

6.3 The Head of Housing Services has been involved in developing the thinking in this paper and is particularly interested in exploring how developments might link to the future development of traditional

sheltered housing, including in terms of how very sheltered housing may figure as part of the development agenda if the housing stock is transferred.

## **7 IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE**

The development of services for older people is a cross-agency issue as well as a corporate issue for the local authority. The policy developments outlined here would need to involve all Directorates of the Council including, for example, consideration of how to develop community education and leisure opportunities for older people.

## **8 RECOMMENDATION**

Cabinet are recommended to:

8.1 endorse the findings of ember visits that, while it is possible to refurbish existing residential homes to a high standard, Very Sheltered Housing provides a popular and cost effective alternative to residential care and should represent a key component (with local variations) of Denbighshire's future developments for older people.

8.2 support the notion of developing a pilot scheme in one area of Denbighshire.

8.3 support a formal approach to health agencies and professionals to contribute to the development of a possible multi-purpose scheme to meet the needs of older people.

8.4 support the similar involvement of Housing Services.

8.5 subject to the above, agree that local consultation is undertaken and detailed proposals and funding options are brought forward that demonstrate Best Value.

8.6 agree that a consultation process is entered into with the Trades Unions.



8.7 that once the detail of the pilot site is confirmed the Building Group Manager be asked to undertake a further review of the existing residential homes to determine the minimum work required to maintain them to a reasonable level until such times as the new model of service is agreed for each locality.

8.8 locality planning, as outlined in the November paper to Cabinet, is taken forward in the 3 other Area partnership areas, apart from the pilot site, within 2004/05, to work up a detailed picture of needs and possibilities and bring forward detailed proposals and funding options.

8.9 consider recommending to Council the allocation of additional earmarked revenue resources in 2004-05 to enable Prudential Borrowing in support of the development programme, subject to Cabinet approval of detailed proposals.

8.10 That a County-wide member/officer working group, linked to multi-agency planning structures for older people, is established to drive and oversee the development of the pilot and the locality planning process and reports in six months.

## Introduction

- 1.1 Members will be aware of the work undertaken throughout 2002/03 by a group of members and officers to consider the current arrangements and the longer term future of the four residential homes for older people that are provided and managed by the Authority. For ease of reference these are located as below:

Llys Nant, Prestatyn	37 beds
Dolwen, Denbigh	30 beds
Awelon, Ruthin	30 beds
Cysgod y Gaer, Corwen	30 beds

- 1.2 All four homes are subject to registration and inspection by the Care Standards Inspectorate for Wales (CSIW) and the Authority is required to respond to any inspection requirements identified within given timescales. The current health and safety work outstanding across all four homes has been costed at £290k, and this has been included in the Capital Programme for 2004/05.

## 2. Previous Reports to Members

- 2.1 Members will be aware that a number of options have been examined in relation to the future arrangements for the homes and that these have formed regular update reports to Members. Cabinet last considered the matter on 22nd July 2003. They had previously received a report from the Lead Member Health and Well-being which made a final recommendation in relation to the Best Value Review. This was that the “Council through its Procurement Strategy, seeks initial expressions of interest from potential partners.....to secure the long term and future needs of the residents and staff of the homes”. Members were mindful to reject this recommendation favouring instead one which made a commitment to “further investigate securing the level of investment to safeguard the future of the homes”
- 2.2 Members were subsequently advised that such a decision may be subject to challenge and it was agreed that Members would further consider the matter before taking a final decision.

### **3.0 Additional Work Undertaken To Help Inform Decision Making**

3.1. Following discussion between the Lead Member and Director of Personal Services it was agreed that Officers should review arrangements in other authorities with a view to identifying those where major investments had been made in homes and others where partnership arrangements had been made.

3.2 To this end Officers identified a number of examples and following further discussions with the Lead Member it was agreed that Members should be invited to visit two areas as detailed below.

1. Llys Gwenffrwd, Flintshire : here the authority has agreed to a major programme of investment in their homes to enable them to be upgraded.

2. Jenner House, Walsall : this is an example of a partnership arrangement where a local housing association ( Accord Housing Association) have developed a model of very sheltered housing which enables older people to live as independently as possible for as long as possible in their own home.

3.3 The purpose of these visits was not to present a particular model to Members but was rather to help further inform the debate and the thinking around the type of provision that Denbighshire wishes to maintain and develop for the future generation of older people.

### **4.0 Refurbishment**

4.1 During the visit to Flintshire it was apparent that the Authority had resolved to make a major level of investment in their four residential homes. It is anticipated that this programme will take 2 - 4 years. The unit visited by us Llys Gwenffrwd in Holywell is the only one to date where work has been undertaken. The lessons learnt from this work will then inform the progress of work in the other three homes. While the absolute cost of the work undertaken in Llys Gwenffrwd was not disclosed the indication given was that the cost of the total refurbishment programme for all four homes would be in excess of £3million.

There is no doubt that the work carried out at Llys Gwenffrwd has been extensive and that the results are impressive in terms of the overall impact

for residents. However it has to be acknowledged that the outcome is one which has essentially replicated the previous provision with the unit remaining as a fairly traditional residential home.

4.2 Mindful of the work carried out in Flintshire, Denbighshire's Building Group Manager was asked to carry out a piece of work to provide very initial and approximate costings to undertake similar work in respect of our existing residential provision. In doing so he was asked to consider some remodelling on each site that would increase disabled access and provide en-suite accommodation. Previous work has identified the need to maintain existing bed space so he was also advised that where this remodelling resulted in a substantial loss of beds consideration should be given to some additional building if the site allowed for this to maintain the overall number of bed spaces. These figures include an additional 15% to cover Professional Fees.

4.3 In addition Members will recall that substantial work remains outstanding following the Cipfa surveys carried out in 2000. The Building Group Manager was also asked to revisit and incorporate these costs into the overall figures. An additional 15% has been added to the 2000 costs to cover inflation and any further deterioration to the buildings since the surveys were carried out.

(i) Cysgod y Gaer - the creation of en-suite facilities would reduce the bed state to 26 beds ( option 1) but new build on site would increase this to 46 beds ( option 2).

Option 1	Option 2
253,920	739,220
256,229 (Cipfa)	256,229
Total £510,149	£995,449

(ii) Awelon - the creation of en-suite would reduce the bed state to 24 beds (option 1) with new build increasing this to 39 beds (option 2)

Option 1	Option 2
251,850	737,150
47,289(Cipfa)	47,289
Total £298,629	£784,439

(iii) Dolwen - could be done using existing bed spaces.

380,880  
292,965 ( Cipfa)

Total £673,845

(iv) Llys Nant - could be done using existing bed spaces.

398,475  
333,975(Cipfa)

Total £732,450

In summary then the overall costs of bringing the existing four homes up to a reasonable standard in a similar way to that done in Flintshire would incur a cost of between £2.21 and £ 3.18 million. However this would essentially replace like with like and not provide any enhanced opportunities for residents.

## **5.0 Alternative Model**

- 5.1 Increasingly research indicates that expectations of the general public are changing and the future generation of older people will not be content with the present choice of residential /nursing care that is available to them. This option is not one that will be the preferred one in the next few years. We need to become more imaginative in the planning of future provision. The model of care provided in Walsall and visited by Members in December 2003 provided an example of this more imaginative approach.
- 5.2 Jenner House in Walsall is described as a very Sheltered Scheme for Older People and was converted from a traditional sheltered housing scheme, plus newbuild, and is maintained by a housing association. The older people who live there are tenants of the association and rent their houses from the association. The houses consist of one and two bed roomed flats with kitchens and bathrooms. These flats are located around some shared areas that include a restaurant and additional activity and social space. The complex has also established links with local community services enabling the people supported there to access information technology and art facilities as well as swimming and keep fit classes alongside others living in the local community.

- 5.3 The visit to Jenner House found good evidence of tenants maintaining, indeed regaining independence. It was rare for tenants to need to move from their flats to enable care needs to be met, the exception being where high level health needs were identified requiring hospital care.
- 5.4 Supporting People and Community Care Support is provided to individuals on the basis of assessed need. These services are charged in line with the local authority charging policy and the tenants are in receipt of housing and other DSS benefits. The overall cost to the authority of supporting an individual in this kind of accommodation is substantially less than in more traditional residential accommodation.
- 5.5 Work recently commissioned by this authority from the Nuffield Institute highlighted the comparative costs as detailed in the table below

	Residential care	Very sheltered housing	Domiciliary care
Overall cost of care	258	88.26	119
Net cost to Social Services	137	29	113
Net cost to the public purse (including Income Support)	272	239	195

- 5.6 The model of service provided at Jenner House, where the Housing Association provide both accommodation and care, is only one of a range of options for the provision of very sheltered housing. An alternative model would be to split the responsibility for the housing and the support services with, for example, a local authority providing the care and support to tenants and a partner providing the accommodation. It is also possible for the local authority to provide all components- support, accommodation and care. A mix of arrangements is also common within authorities.
- 5.7 While Jenner House was created by converting traditional sheltered housing and building on, authorities are also commonly converting residential homes for this purpose. Indeed, Accord Housing Association were involved in a further such development with Walsall Council. Information from the Department of Health's Housing Learning and Improvement Network also gives practice examples of other models eg Sheffield Council are working with the independent sector to create very sheltered/extra care provision, and

Southampton Council are converting parts of large sheltered housing developments to very sheltered. Some authorities (eg, locally, Warrington) are commissioning “Retirement Villages” which are purpose built, often mixed tenure developments, incorporating access to on-site care.

- 5.8 In England, it is common for Primary Care Trusts to be key partners in the development of very sheltered housing strategies, with projects particularly linked to development of primary care and “intermediate care” facilities. Best practice examples are also linking very sheltered developments to the broader issues of local service delivery. This is the case in North Yorkshire, for example, where a new Extra Care Housing scheme in Brompton provides facilities for medical consultations and one flat dedicated to the provision of Intermediate Care, as well as providing 34 flats providing independent supported living to older people.
- 5.9 A planned further development in Stokesley, a small market town in a rural area, is to have an extra care facility in the middle of the town. Like Denbighshire, North Yorkshire is thinking deliberately about how its rural nature should support “whole system approaches”, multi-use local services and use of telecommunications. The Stokesley development will provide a hub for other more general local services such as a library and information centre, offices for the district council, purpose built community rooms and a cafe. The new library will offer extended opening times and a wider range of services, including an expanded free public access to computer and internet facilities. It is hoped that local health services will also be available from the building completing a “one stop shop” approach to a range of local needs. The extra care facility will both integrate older people into a mainstream resource used extensively by local people and, through careful design, protect their privacy and security. Part of the complex will be a “secure by design” wing for tenants with dementia.
- 5.8 The potential funding arrangements for these developments are also mixed, including local authority capital and revenue, capital receipts, sale or exchange of land or facilities, housing funding streams, institutional finance and charitable fundraising, as well as well as individuals’ own resources through capital, pension and benefit income.

## **6. Other information- links with health services**

- 6.1 Since the previous reports to Cabinet, substantial work has been done with the Local Health Board on development of the Health, Social Care and Wellbeing Needs Assessment and Strategy. Officers have also participated in workshops organised by the Local Health Board and Conwy/Denbighshire working towards the development of a primary and community services Service and Estates Strategy.
- 6.2 In all cases, older people are emerging as a priority, with strong interest in joint approaches to developing services, including a range of services to promote a healthy and active old age, early intervention, rehabilitation services, and services which can both avoid admission to acute hospitals unless absolutely necessary, and services which provide a “step down” from hospital to home. Both the Local Health Board and the Trust have indicated their interest in working with us to develop the next generation of services for older people.



**REPORT TO CABINET**

**CABINET MEMBER:** Councillor E C Edwards  
Lead Member for Safeguarding our Communities

**DATE:** 17 February 2004

**SUBJECT: CCTV - CAPITAL REQUIREMENTS**

**1. DECISION SOUGHT**

**1.1** To advise Members of the current condition of the CCTV system in Denbighshire, and for Members to consider options for the future of the network.

**2. REASON FOR SEEKING DECISION**

**2.1** Members will be aware of recent concern being expressed over the performance of the CCTV system, currently installed in Rhyl and Prestatyn, as well as aspirations for the further expansion of the system into other parts of Denbighshire. Arising from these concerns, a detailed specialist report has been obtained from a local CCTV technical consultant, to advise on resolving the current technical problems being experienced by parts of the system, and to further advise on the long term options available to Denbighshire.

**2.2** Members should also note a report recently prepared by the Council's Health and Safety team into working conditions within the existing CCTV control room, expressing a number of concerns.

**2.3** Two priority recommendations emerge from the report:

(i) that staffing and managerial arrangements for the CCTV service be considered, and that additional monies be allocated to the maintenance of the system. Additional resources have been allocated for this, within the revenue budget for the forthcoming 2004/05 financial year.

(ii) that a project delivering a new purpose designed control room, including new control room equipment, together with a

detailed technical review of the existing CCTV installation and associated equipment outside the control room be developed. The costs of this work are considerable, and is the purpose of this report.

**2.4** Preliminary discussions have taken place with North Wales Police, who have indicated that space can be made available for a revised CCTV control room within the existing Rhyl Police Station. This will be in space to be vacated by the Police once their new Divisional Headquarters complex has been completed at St Asaph Business Park. In conjunction with the CCTV technical consultant, estimated costs have been prepared for the system upgrade, and for the control room relocation, which are estimated at £600k exclusive of professional fees.

**2.5** It is considered that three options are open to the County Council, in considering the future of the CCTV system within Denbighshire.

(i) Do nothing until funding becomes available - this would mean continuing with the current control room and maintenance regime, and would lead to an ongoing deterioration in the quality of service, and little prospect for further expansion of the system.

(ii) Abandon the CCTV system - this would realise significant potential savings for the Authority, but would have material impact in the perceived higher crime rates, and concerns over community safety. The Council could also be deemed to be failing its obligations under Section 17 of the Crime and Disorder Act 1998.

(iii) Investment in the construction of a new control room and upgrading of the system as a whole - considered to be the best alternative, subject to funding being available.

**2.6** Construction of a new control room would allow for the future expansion of the DCC network, within the two existing towns covered, and allow for the expansion of the network to other towns. Projects are under consideration for the Vale of Clwyd, subject to funds being available in future financial years.

### **3. POWER TO MAKE THE DECISION**

Section 2 Local Government Act 2000 (Power of Well-Being)

### **4. COST IMPLICATIONS**

**4.1** The costs of relocating the control room and upgrading the system are significant; however, it will lead to an improvement in the level of service being delivered. Additional support given in the next financial year, and during previous budget rounds to the revenue situation, has improved the revenue funding available, and should lead to a stable service, if the system is upgraded as recommended. In the event that the decision is made to abandon the current CCTV system, revenue savings will accrue to the Authority, after redundancy costs have been met.

### **5. FINANCIAL CONTROLLER STATEMENT**

**5.1** There is no funding available for this project within the capital plan recently presented to County Council. The options for funding next financial year would be as follows:

- (i) displace other capital expenditure currently agreed for funding
- (ii) await the generation of capital receipts from the sale of surplus assets. There are a number of schemes awaiting funding from capital receipts and a prioritising exercise needs to take place.
- (iii) increase the level of Council Tax required for 2004/5 and fund the scheme through the Prudential Borrowing system. As the bulk of the expenditure would be equipment costs a loan period of only 5 years would apply. This would generate a revenue impact of up to £150k for £600k spend or about 0.5% on Council Tax. The report on the budget for 2004/5 elsewhere on the agenda details the process to be adhered to when planning additional capital spend through Prudential Borrowing.

### **6. CONSULTATION CARRIED OUT**

**6.1** The Consultant's report was commissioned following discussions with the former Assistant Director Contract Services, Lead Member for Safeguarding our Communities, and the Corporate

Director Environment. Discussions have taken place with North Wales Police, and the Welsh Assembly Government, over these proposals, and they are supportive of the proposals.

- 6.2** Several recent public meetings over crime levels have taken place in both Rhyl and Prestatyn, most notably at Prestatyn Railway Station, where concerns have been expressed by the general public, over the level of service afforded by the current CCTV system.

## **7. IMPLICATIONS ON OTHER POLICY AREAS INCLUDING CORPORATE**

- 7.1** The potential implications of not improving, or not being able to offer a CCTV service, are severe. Significant inroads have been made into violent crime levels, particularly within Rhyl, due to the close co-operation between Denbighshire County Council and the North Wales Police. Denbighshire's image as a safe community is likely to suffer if we are unable to improve the quality of service currently being provided. The proposal for a new control room within the Rhyl Police Station, also provides an opportunity to expand the system into other towns within Denbighshire, as well as creating a more robust partnership with the Police, to tackle crime and disorder in Denbighshire.

## **8. RECOMMENDATION**

- 8.1** Members are invited to support the option of investing in the development of the CCTV system, through the creation of a new CCTV control room, and upgrading the current CCTV equipment in Rhyl and Prestatyn. Members are invited to note that the new CCTV control room will provide opportunities for the further expansion of the CCTV network in Denbighshire, subject to appropriate funding being available.

## **AGENDA ITEM NO: 5**

### **REPORT TO CABINET**

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

**DATE :**                       **17 FEBRUARY 2004**

**SUBJECT :**                   **REVENUE BUDGET 2004/5**

#### **1. DECISION SOUGHT**

- 1.1 That Members review the revenue budget proposals for 2004/5 in the light of the debate at County Council on 3 February.
- 1.2 That Members recommend the level of Council Tax for 2004/5.

#### **2. REASON FOR SEEKING DECISION.**

- 2.1 At the County Council meeting on the 3 February 2004, Members considered the budget proposals for 2004/5 recommended by Cabinet. A number of proposals for change were made and it was agreed to refer the budget back to Cabinet for further consideration.
- 2.2 The budget recommendations from Cabinet had involved the need to increase Council Tax next year by 4.7%, subject to the clarification of a number of special funding issues that were still outstanding namely:
  - a) the level of ELWa funding for 16+ education,
  - b) the conditions relating to the new Care Grant in relation to the elderly. This matter remains outstanding.
- 2.3 Minor adjustments to the detailed figures have been made since the Council meeting as follows:
  - a) a small reduction of £54k in the levy from the Fire Authority has been allowed for. This results from the recent announcement of transitional funding to cover the possible lag between incurring additional costs from the fire-fighters pay settlement and the

delivery of efficiency savings designed to cover these increases.

b) ELWa have confirmed that the 16+ funding recently announced for 2004/5 allows for the impact of threshold payments as follows; 'the Council (ELWa) took into account LEA's estimates of expenditure on SEN, increases in pay and progression costs (ie threshold) and increases in pupil numbers'. A reduction of £40k has therefore been made in column 5 of appendix1. This produces an amended increase in Council Tax next year of **4.33%**.

- 2.4 This level of increase in Council Tax is likely to be higher than most other North Wales Councils, Denbighshire already having the highest Band D Council Tax in North Wales.
- 2.5 One proposal raised at County Council was to take advantage of the new Prudential Borrowing regime and increase Council Tax next year to provide additional capital resources to tackle schemes that are currently identified as highly desirably but which cannot be funded from within the normal capital resources. An increase in Council Tax of 1% would provide additional capital resources of about £2.75m. In order to assist Members, some of the key features surrounding Prudential Borrowing are included in Appendix 2.
- 2.6 The report to Council highlighted the worse case scenario for the following financial year, 2005/06, if Assembly funding is not available to meet the full year impact of the recommendations. This represents £2.75m of items not funded in addition to the impact on the revenue budget of the proposed transfer of Council's housing stock to a new Registered Social Landlord.
- 2.7 The robustness of the budgeting process in the last three years has depended upon a detailed analysis of budget proposals before their inclusion in the budget proposed to Council. In addition all bids are subject to the Scrutiny process and the Chairs of Scrutiny Committees have asked for their input into the budgeting process to be clarified in the revised Financial Regulations coming to Cabinet at the next meeting. I therefore firmly believe that it would be inappropriate to include any bids at this late stage, regardless of their apparent merit or any bids for policies that have not been approved by Council.

### **3. POWER TO MAKE DECISION**

- 3.1 Section 151 of the Local Government Act 1972

### **4. COST IMPLICATIONS**

Appendix 1 attached details the latest amended position.

### **5. CORPORATE DIRECTOR OF RESOURCES AND FINANCIAL CONTROLLER STATEMENT**

- 5.1 Some of the funding proposals for increased expenditure on services require efficiency savings to be delivered. It is an important element of the Council's agreed Financial Recovery Plan that all savings and cost reductions built into Budget proposals need to be robust and deliverable. A system of monitoring the achievement of the proposed reductions will be introduced to demonstrate delivery. Only after the savings are shown to be robust will expenditure increases be allowed. The monthly monitoring report on the new financial year performance against budget will report progress.
- 5.2 Attention is drawn to the potential impact of these proposals on Council Tax levels in 2005/6 which together with the impact of the proposed transfer of the Council's Housing Stock could be considerable. As detailed in the paper to Council, the impact of the budget proposals on 2005/06 is 9.6%. In addition the recommendation to proceed with Housing Stock Transfer means that it will be necessary to seek a further 1% increase from 05/06 provided support functions continue to be provided by the Council, (2.5% if not).
- 5.3 The provisional actuarial valuation details for the non teaching employer's pension contributions have recently been released. An increase of at least 3% is forecast. This would add a further £1m to costs from 2005/6. The finalising of single status within the Authority may also have a substantial impact upon pay costs.
- 5.4 The total impact of all these issues could therefore be in the region of 14% excluding inflation, although it is hoped that greater clarity on the use of Performance Incentive Grant and Care Grant Support funding will reduce this.

- 5.5 In order to allow for a very poor settlement and lack of clarity of funding, these budget proposals fully utilise all available funding.

**There is therefore no room to accommodate any overspends in 2004/05 and Directorates must contain expenditure within budget next financial year.**

- 5.6 The early indications are that the Assembly funding in the coming years will be as tight as this year. The Authority therefore has to rely on its own resources to deliver improvements. As indicated in Section 2, planning for future years will be necessary from the very start and there will be a need to demonstrate prudence and restraint in order to seek to minimise the impact on future years.
- 5.7 The Local Government Act 2003 and Prudential Code require that Council is advised of the adequacy of reserves and the potential impact of Prudential Borrowing upon Council Tax levels. This report will need to be based upon this paper and it will be difficult to accommodate late changes.
- 5.8 The report will further need to comment upon the major factors which may impact on Council Tax over the next three years. This will include the currently unknown (but believed to be marginal) net impact of Council Tax revaluation, together with the probable increase in non teaching employer's pension contributions.
- 5.9 There is a high probability of a significant impact on Council Tax levels in 2005/6 from the budget proposals. Cost reductions to accommodate these pressures will be difficult to achieve and the need to find a balance between expenditure and the resulting level of Council Tax means the possibility that service budget cuts will need to be considered for 2005/6. An early start on such reductions will be necessary to comply with the Council's policy of only taking account of reductions that are robust and deliverable.

## **6. CONSULTATION CARRIED OUT**

- 6.1 Regular meetings have taken place between Lead Cabinet Members, Directors, Heads of Service and senior Finance staff, together with the Corporate Executive Team, to develop the recommended budget position for 2004/5.



6.2 Service Scrutiny Committees have also reviewed the prioritising of bids for additional resources.

6.3 Members are requested to refer to the previous reports on the Budget setting process presented to earlier Cabinet meetings.

## **7. IMPLICATIONS FOR OTHER POLICY AREAS INCLUDING CORPORATE**

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

## **8. RECOMMENDATIONS**

8.1 That Cabinet recommend to Council the budget proposals as included in the paper first presented to Council on 3 February 2004.

8.2 That Cabinet recommends to Council a Council Tax increase of 4.33%

**1. Budget Requirement 2004/5**

	-1- 2003/04 Base Budget £000	-2- 2004/5 Changes Agreed £000	-3- 2004/05 Inflation allocation £000	-4- Transfers of funding £000	-5- 2004/05 Commitments £000	-6- 2004/05 Standstill Base £000	-7- Recommended Growth £000	-8- 2004/05 Budget Requirement £000	-9- Inc over cols 1 & 2 %
Schools delegated budgets	39,937	0	999	1,578	0	42,514	525	43,039	7.9
Lifelong Learning	17,158	330	575	35	0	18,098	385	18,483	5.7
Environment	18,704	170	720	-819	0	18,775	776	19,551	8.3
Personal Services	25,939	750	733	-935	0	26,487	1,752	28,239	9.6
Resources	4,993	145	165	0	0	5,303	76	5,379	4.7
Chief Executive	2,298	0	56	0	0	2,354	0	2,354	2.4
Corporate	3,438	110	90	-784	0	2,854	425	3,279	18.6
Precepts/levies	4,435	0	302	0	0	4,737	0	4,737	8.0
Capital Financing / Interest	11,206	-150	0	0	-200	10,856		10,856	
Contribution to balances	1,000	0	0	0	-1,000	0		0	
PFI Unitary Charge	0	0	0	0	1,740	1,740		1,740	
- PFI Funding Reserve	0	0	0	0	430	430		430	
Contingency	100				-100			0	
	129,208	1,355	3,640	-925	870	134,148	3,939	138,087	

**2. Level of Funding**

Revenue Support Grant	83,697		2,725	-1,322	0	85,100		85,100	
- RSG PFI	0		0		1,750	1,750		1,750	
NNDR	19,202		440			19,642		19,642	
Deprivation grant	153		0			153	4	157	
New Care grant	0					0	720	720	
Performance Incentive grant	0					0	997	997	
	103,052	0	3,165	-1,322	1,750	106,645	1,721	108,366	
Service Reserves/b/f savings	0						1,024	1,024	
Council Tax	26,156	1,350	-3			27,503	1,194	28,697	+ 4.33%
	129,208	1,350	3,162	-1,322	1,750	134,148	3,939	138,087	

Note:

The percentage comparisons in column 9 take account of transfers of funding into the settlement but are adjusted for transfers out

## PRUDENTIAL CODE FOR CAPITAL FINANCE

### Summary

The Prudential Code offers significant opportunities for Local Authorities to increase capital spending. This is particularly relevant in Denbighshire where capital expenditure has been delayed because of historic difficulties.

The key objectives of the Prudential Code are to ensure that

1. the capital investment plans of the local authority are affordable, prudent and sustainable.
2. the treasury management decisions are taken in accordance with good professional practice.

The Prudential Code sets out the indicators that must be used, and the factors that must be taken into account. These will be reported to Cabinet on the 17 February and approved by Council at its meeting on 26 February.

The matters to be taken into account are:

1. Affordability
  - Implications for Council Tax and Council housing rents.
  - Consider all resources available/estimated together with the totality of the capital plans, revenue income and expenditure.
  - Development of three year rolling revenue forecasts and estimates of Council Tax, as well as three year capital expenditure plans. These are rolling scenarios, not fixed.
2. Prudence and sustainability
  - this relates to the implications for external borrowing.

- ensures that over the medium term borrowing will only be for a capital purpose.
  - Treasury management is in accordance with good professional practice and complies with the CIPFA Code of Practice
3. Value for Money - option appraisal
- Stewardship of Assets - asset management planning
- Strategic Planning - service objectives
- Practicality - achievement of the forward plan

The Code does not specify how the Authority should have regard to these factors but it is expected that it will be possible to demonstrate good practice.