

CABINET

Minutes of the Cabinet meeting held at 10.00 a.m. on Tuesday 25 January 2011 in Conference Room 1, County Hall, Ruthin.

PRESENT

Councillors P A Dobb, Lead Member for Health, Social Care and Wellbeing; H H Evans, Leader; S Frobisher, Lead Member for Environment and Sustainable Development; M M Jones, Lead Member for Welsh Language, Children, Young People and Leisure; P J Marfleet, Lead Member for Modernising the Council; D A J Thomas, Lead Member for Regeneration and Tourism; J Thompson Hill, Lead Member for Finance and Efficiency and E W Williams, Lead Member for Education.

Observers: Councillors W L Cowie; M LI Davies; G C Evans; R L Feeley, H LI Jones and G M Kensler.

ALSO PRESENT

Chief Executive; Corporate Director: Demographics, Wellbeing & Planning; Corporate Director: Business Transformation & Regeneration; Corporate Director: Learning & Communities; Acting Head of Corporate Governance and the Acting Chief Financial Officer.

1 APOLOGIES

There were no apologies.

2 DECLARATION OF INTERESTS

Members were asked to declare any personal or prejudicial interests in any business identified to be considered at the meeting.

There were no declarations of interests.

RESOLVED that Cabinet note there were no declaration of interests.

3 URGENT MATTERS

There were no Urgent Matters.

4 MINUTES OF THE CABINET MEETING 14.12.2010

The Minutes of the Cabinet meeting held on 14 December 2010 were submitted.

Item 11 Amendment to the Winter Maintenance Policy – Councillor P A Dobb referred to the Telpyn bridge area in her Ward and said lack of gritting had probably contributed to

7 accidents in one day. As a result, one older person was now without a car and was feeling isolated. Denbighshire's priority was to keep people independent, in their own homes and Councillor Dobb said this should be taken into account when setting policies. Councillor G C Evans supported the comments and said other roads in the area had also not been gritted.

Item 10 Appointment of a Contractor for the West Rhyl Coastal Defence Scheme – Councillor R L Feeley referred to the report and asked for clarification. The Chief Executive agreed to respond to the queries raised and would ensure the Lead Member was included in the response.

RESOLVED that, subject to the above, the Minutes of the meeting held on 14 December 2010 be approved as a correct record and signed by the Leader.

5 ASSET REVIEW STRATEGY

Councillor P J Marfleet presented the report seeking Cabinet endorsement of the recommendations formulated from the service asset reviews outlined in paragraph 2.11 of the report and to approve the Asset Review Strategy, as outlined, as the vehicle for delivering those recommendations with a view to rationalisation of the Council's asset portfolio and increased efficiency of space utilisation in line with service delivery needs. Cabinet were asked to agree that all changes to the Council's property portfolio were to be reviewed by the Asset Management Team, effectively acting in the role of County Landlord, with strategic decisions being formally agreed at the Capital and Asset Strategy Management Group and operational issues being formally agreed by the Asset Management Group prior to agreement at CET, Cabinet and/or Council where applicable.

Regarding office accommodation, Councillor Marfleet said the most effective way of delivering services, what was suitable for staff and possible economic impact on surrounding areas would be taken into account if any reduction in the number of offices was to be considered. Assets were considered as part of the asset challenge review and Heads of Services had presented their aspirations and pressures as part of the process with the Asset Management Team.

A lack of a capital programme from the 21st Century Schools funding was of concern to Councillor E W Williams, particularly for the small rural schools and he said Education should be considered as a major priority when considering building assets. More should be done to support our rural schools, which would ensure better schools and education for our children and also help the community thrive. It was important to improve school buildings as there was no funding coming forward from the 21st Century Schools programme. Small rural schools would still be needed. Councillor Marfleet said it was important not to just consider school buildings but also energy use for example.

Responding to Councillor H H Evans' query regarding consultation with Members, Councillor Marfleet said Property Services' officers had attended each of the Area

Members' Groups and had detailed discussions which were taken into account when formulating the strategy. If some accommodation was found to be under utilized it was possible that consideration could be given to sharing with other public services and the sharing of assets was part of the Authority's collaboration programme.

RESOLVED that Cabinet:

- 1 *endorses the recommendations formulated from the service asset reviews outlined in paragraph 2.11*
- 2 *approves the Asset Review strategy as outlined in the report as the vehicle for delivering the recommendations with a view to rationalisation of the Council's asset portfolio and increased efficiency of space utilisation in line with service delivery needs*
- 3 *agrees that all changes to the Council's property portfolio are reviewed by the Asset Management Team, effectively acting in the role of County Landlord, with strategic decisions being formally agreed at the Capital and Asset Strategy Management Group and operational issues being formally agreed by the Asset Management Group prior to agreement at CET, Cabinet and/or Council where applicable.*

6 WRITE OFF SUNDRY DEBTOR BALANCES

Councillor J Thompson Hill presented the report seeking Cabinet approval to write off a debt of £86,724.04, being debts outstanding for Integrated Building Services Engineering LTD T/A Operon - one invoice totaling £50,979.75 and David McLean Contractors LTD – two invoices totaling £35,744.29.

The Head of Revenues and Benefits, responding to a query from Councillor P J Marfleet, said it was not possible to offset charges unless an agreement had been reached with the relevant company at the start of the process e.g. bills for the PFI building were paid by the Authority and recharged to the management company. He said the Authority could not be a preferential creditor and this was part of the law of Insolvency and Administration. He agreed to provide information on debtors over the past year to Cabinet Members.

The Head of Finance and Assets said the Authority now paid a monthly subscription for on-going credit checks on the top 100 suppliers and this company would alert officers to any upcoming problems. Councillor D A J Thomas asked whether the bond taken from contractors at the start of a project could help in these situations. The Head of Finance and Assets said he would look into the issue and let Cabinet Members know the position.

RESOLVED that Cabinet agree to write off a debt of £86,724.04, being the balances outstanding.

7 REVENUE BUDGET AND SUMMARY CAPITAL PLAN 2010-2011

Councillor J Thompson Hill presented the report for Cabinet to note the latest estimate of the likely outturn figures for the 2010/11 financial year as detailed in Appendix 1 attached to the report and the summary capital plan performance for 2010/11 as detailed in Appendices 2 and 3 attached to the report. Cabinet were also asked to note the latest Housing Revenue Account and housing capital position for 2010/11 as detailed in Appendices 4 and 5 attached to the report.

For consistency with previous budget reports, this and those to the end of the financial year would retain the 4 directorate block presentations whilst those relating to 2011-2012 would be presented using the new corporate structure.

The overall revenue underspend was £190k excluding the schools' delegated budget. Lifelong Learning were forecasting a balanced budget, as were Social Services and Housing but there were ongoing pressures with specialist placements in Children's Services. The Environment Directorate were forecasting an underspend of £210k, and the latest forecast assumed winter maintenance costs could be contained within the existing budgets and by drawing on the Winter Maintenance Reserve. Corporate Governance and Efficiency was forecasting a £20k net overspend as a result of pressures on the translation budget.

Capital expenditure was at £17.3m for a plan totalling £28.7m. Officers continued to meet with external Treasury advisers to evaluate the current money market position and review the strategy. The latest figures for the Housing Revenue Account showed an in year surplus of £288k, a reduction of £2k from the previous month. The Authority was on course to meet the 2012 quality standard and the business plan was financially viable.

Responding to Councillor H H Evans' concerns on the 4 schools in financial difficulty, the Corporate Director: Learning and Communities said there were recovery plans in place for 2 of the schools and these would continue to be monitored whilst the other 2 schools were undergoing significant staff restructuring. The schools were working closely with the Education Finance team.

Councillor S Frobisher confirmed said an extra £277k funding had been received for winter maintenance from the Assembly. Confirmation was awaited from WAG on exactly what the funding could be used for.

Discussing the allocation of budgets, Councillor D A J Thomas said the transitional population budget set each September affected schools. It was possible that because of the way the Assembly monitor this population it could have an effect on the number of teachers employed. The Corporate Director: Learning and Communities agreed setting the budget on a census taken once a year was of concern, particularly in coastal areas but there was a budget in place for these pupils. He agreed to discuss the issue with both the School Improvement and Finance teams.

Members discussed deficit in schools in general and also any possible impact on the following year's budget. The Head of Finance and Assets said although staff

restructuring and efficiency gains had taken place already, in some cases the savings would not be made until the following year.

Councillor R L Feeley raised a licensing matter discussed at Full Council. The Chief Executive said a report on the matter would be made available to Members as soon as possible. The Head of Regulatory Services, Conwy CBC said the report had been completed and he would be discussing it with the Council's Head of Planning and Public Protection and Chair of Licensing Committee. He agreed to make the report available to all Members following the discussion.

RESOLVED that Cabinet note:

- 1 *the revenue projections for 2010/11 as detailed in Appendix 1 attached to the report*
- 2 *the Summary Capital Plan performance figures for the 2010/11 financial year as detailed in Appendices 2 and 3 attached to the report*
- 3 *the Housing Revenue Account and Housing Capital Plan forecasts as detailed in Appendices 4 and 5 to the report.*

8 FINAL BUDGET PROPOSALS 2011-2012

Councillor J Thompson Hill presented the report seeking Cabinet support for the budget proposals for 2011/12 as shown in the appendix to the report and also recommended the resulting 2.9% increase in the level of Council Tax for 2011-2012, both to Full Council. Cabinet were also asked to note the need for significant further efficiency savings and cost reductions in future financial years, as a result of the likely settlements from the Welsh Assembly Government, together with significant service pressures.

The budget had been considered as part of the Service Challenge processes to review service provision and 4 Informal Council meetings had been held where all Members had the opportunity to comment and participate in the discussions in an open and transparent way. Over £6m savings proposals had been identified with a 5% slippage allowance as not all savings would be delivered from day one. £1.5m had been identified for Priority service outcomes although the final allocations would be dependent on business cases brought forward by Services. The Fire Service levy was to decrease by £120k. Following a case where residential homes had challenged the amount of fees paid by an Authority, there was a need to set aside funding to offset the risk.

Councillor Thompson Hill said Informal Council discussions had suggested a Council Tax increase of 2.7% to 3% - the recommendation in the report was for an increase of 2.9%, based on the provisional settlement figures. The final settlement figures would not be available until February.

Linking schools to the Asset Strategy Review and how schools will be funded, Councillor E W Williams suggested that some schools would not be able to have a business case to make improvements to school buildings. He suggested an extra .3% be added to the 2.9%, with the extra money raised being for schools. He felt that on

percentage terms, Denbighshire still had the lowest Council Tax in North Wales and reminded colleagues that 26% of the schools in Denbighshire were in rural areas. Councillor P A Dobb said Members had agreed at Council a figure of 2.7% to 3.0% but she wondered whether an extra .3% could be added to the Council Tax increase for use with the road repairs following the recent bad winters. Councillor E W Williams agreed with the comments made by Councillor Dobb on the roads and he suggested Environment Scrutiny could look at the previous year's budget as not all the budget had been spent during the year.

The Chief Executive said Council Tax increases had recently been discussed at the Regional Leadership Board and feedback from the WLGA for the rest of Wales was an average of 3% or 3.1% increase in Council Tax. He informed Members that a .1% increase was approximately £30k and this amount would not have a great impact on either school buildings or road repairs. An amount of £650k had been allocated for road repairs and business cases would be required for this spend. The Authority had put £1.5m into Priorities. Investment in schools and rural areas was important but there was no need to increase Council Tax as these issues should form part of the Capital Programme.

It was essential to have more clarity and detail as the funding in the Priorities had only been agreed in principle – Councillor H H Evans asked whether it was possible for an element of this to be spent on rural roads and schools as suggested by Councillors Dobb and Williams. He said it was important to drive the Authority's Priorities forward and officers would be challenged on how this funding would be spent. The Chief Executive reminded Members it would not be possible to keep taking money out of management or bureaucracy budgets and it would be more difficult to find savings in the coming years. He confirmed that funding on Priorities would be via business cases which would be presented to CET and Cabinet for decision. The Authority had put money into Priorities for its residents.

Denbighshire's Council Tax was still higher than neighbouring Authorities and Councillor P J Marfleet said any increase would widen the gap between Denbighshire and its neighbours. He said this year had seen the best budget setting process in any year and reminded colleagues that Informal Council had given Cabinet a steer for an increase of between 2.7% and 3%. He said Cabinet was duty bound to follow Council's steer and suggested an increase of 2.9% was a reasonable figure. Councillor E W Williams agreed the consensus was an increase of 2.7% - 3% but he again gave his support to rural schools and areas and said this could be achieved with an increase of 3.2%.

A business case to allocate any funding to schools would be required and this would be considered by the Capital Strategy Group and if agreed would form part of the Capital Plan. The Corporate Director: Learning and Communities said the programme to review schools would be carried out over a period of time. Any successful bid to the 21st Century Schools programme would necessitate the Council finding 30% of the cost of the project. There was always pressure to modernise schools.

Concerns were raised about the increases in Leisure Centre fees by Councillor W L Cowie and he cited a resident in his Ward who, on his doctor's advice, had been told to use the facilities at St Asaph twice a week. The recent increases in fees meant the resident was now only able to attend once a week because of the increase. The Corporate Director: Demographics, Wellbeing and Planning said the Head of Leisure Services was looking into the issue and there may be a possibility of linking this to the GP Referral Scheme and she agreed to respond to Councillor Cowie by the end of the week. The Corporate Director: Learning and Communities said he had not been made aware of any major concerns regarding increase in fees in Leisure Centres.

Councillor G M Kensler supported Councillor Williams' suggestion of .3% being added to the Council Tax increase of 2.9% and it was important to remember that any increase was for Denbighshire and not neighbouring Authorities. A .1% increase amounted to approximately £30k and this extra money, if agreed, could help provide more arts and music in schools. She asked Members to reconsider the 2.9% increase in Council Tax.

A Memorandum of Understanding that Council staff would not lose jobs because of budget cuts, agreed between the WLGA and the Unions, was referred to by Councillor M LI Davies. Councillor E W Williams had attended the Co-ordinating Committee meeting where the issue had been discussed and it had been seen as trying to tie in Authorities to the agreement. The First Minister said this should not be used to tie Authorities to the budget setting and it was possible jobs would be lost. Authority Leaders in attendance were forceful in saying that this must not undermine budgets and should not create problems when setting the budgets. The Chief Executive said wherever possible he did not want compulsory redundancies for staff and wanted better service for residents. The Memorandum of Understanding on compulsory redundancies was of secondary importance. He reminded Members that Council had discussed a Council Tax increase of 2.7% - 3% and the majority had supported this increase. Cabinet Members should follow this steer.

Councillor H H Evans said Denbighshire should not consider what increases neighbouring Authorities were planning, there was only a need to be aware of those increases. Members were setting the budget for Denbighshire and remained independent. The focus was on improving services in an effective manner and to protect frontline services and improve on the agreed Priorities. There was a need to engage in particular on Education to ensure the allocated Priority funding was used wisely. He also reminded colleagues of the steer of 2.% - 3% Council Tax increase given by Informal Council.

Councillor J Thompson Hill said the £1.5m set aside for Priorities was an indicative amount at this time and it was possible that money could be moved from one item to another. £7m has been bid for highways for the year and this would still not be enough to deal with the backlog of works in the County. People outside the Authority would compare the level of Council Tax in Denbighshire with other Authorities. The steer from Members had been for 2.7% to 3% increase and Cabinet had to make a clear recommendation to Council. He moved an increase of 2.9% and was seconded by Councillor P J Marfleet.

RESOLVED that Cabinet support for the budget proposals for 2011/12 as shown in the appendix to the report and also recommend the resulting 2.9% increase in the level of Council Tax for 2011-2012, both to Full Council. Cabinet also note the need for significant further efficiency savings and cost reductions in future financial years, as a result of the likely settlements from the Welsh Assembly Government, together with significant service pressures.

9 RECOMMENDATIONS FROM RESOURCES SCRUTINY COMMITTEE IN RELATION TO THE COUNCIL'S DRAFT REVENUE BUDGET

Councillor H LI Jones presented the report for Cabinet to consider representations made by the Resources Scrutiny Committee in respect of staffing levels for certain services as part of its revenue budget setting process. He informed Members that Scrutiny Committee was concerned regarding proposed changes by the DWP to the benefits system. Committee wished Cabinet to ensure no changes to staffing levels took place until clarity had been received from the DWP on the changes and any effects these could have on staffing levels. The Committee was also wished to ensure that the dedicated sickness absence officer post in HR be kept to ensure continued improvement.

The Chief Executive informed Councillor Jones that Revenues and Benefits had not yet been through a Service Challenge Review, therefore there would be no reduction in staffing at this time as the service could be under or over staffed. Turning to the sickness absence officer post, the Chief Executive informed colleagues that Heads of Service were now responsible for managing sickness absence levels but there was a need for more capacity in HR but not at this level.

Councillor H H Evans asked the Corporate Director: Transformation and Regeneration whether Scrutiny knew the HR review was ongoing. The Corporate Director confirmed that SLT had reviewed the issue after the Scrutiny meeting had been held. Regarding the sickness absence officer post, Councillor H LI Jones accepted the reasons given by the Chief Executive not to keep that particular post and to keep the staff numbers in HR at their current levels.

Councillor H H Evans said Revenues and Benefits should await clarity on changes to benefits and then for the Service Challenge Review to be carried out. Councillor P A Dobb supported the need for a Service Challenge Review as WAG was introducing a new charging policy for those in care.

It was felt by Members that Resources Scrutiny Committee was sometimes bringing items to Cabinet which were operational issues, the preserve of CET and SLT. The Chief Executive reminded Scrutiny Committees that they could refer to senior managers on any appropriate issues, at any time. The current report should have been dealt with by officers and not Cabinet.

RESOLVED that Cabinet note the representations made by the Resources Scrutiny Committee in respect of staffing levels for certain services as part of its revenue budget setting process.

Resources Scrutiny to be advised that the staffing levels within the Revenues and Benefits Service would be maintained at its current staffing levels pending a service challenge review. This will not change staffing levels for 2011-2012. With regard to Human Resources, SLT had already resolved that there be no further reductions other than already identified. However, SLT have also decided that as of April 2011, Heads of Service will be responsible for managing sickness absence and the extra support from HR, whilst vital in year 1, will no longer be required.

At this juncture (11.50 a.m.) the meeting adjourned for 10 minutes to allow Members to participate in refreshments.

10 CABINET FORWARD WORK PROGRAMME

Councillor H H Evans presented the Cabinet Forward Work Programme.

Councillor D A J Thomas asked Members to note the Area / Town Plans would be presented to Cabinet in March 2011.

RESOLVED that Cabinet note the amended Forward Work Programme.

11 ISSUES REFERRED TO CABINET BY THE SCRUTINY COMMITTEES

RECOMMENDATIONS FROM RESOURCES SCRUTINY COMMITTEE – COMMUNICATION BETWEEN THE EXECUTIVE AND SCRUTINY COMMITTEES

Councillor H LI Jones, Chair Resources Scrutiny Committee presented the report seeking Cabinet agreement to formally respond to recommendations and observations from Scrutiny Committees within a defined time frame. He said Scrutiny Committee perceived that they did not have a response back on occasion from items discussed at Cabinet.

Councillor H H Evans stressed the importance of communication between Scrutiny and the Executive and officers. He felt that this was the case. Lead Members regularly attended Scrutiny and always when requested to do so. He asked whether Scrutiny Committee wished to improve the process or for an additional process. He said every item brought to Cabinet was acted upon.

The Acting Head of Corporate Governance said decisions taken at Cabinet were recorded in the minutes of the meeting and these were ratified at the next meeting. A Summary of Cabinet Decisions was sent to all Members, usually within 2 working days of the Cabinet meeting.

The Chief Executive said the system had been put in to enable Scrutiny Members to be aware of the decisions taken at Cabinet. He said mechanisms were in place and feedback was happening. He agreed to consider items being presented by Scrutiny Committee at Cabinet and also the scheduling of meetings. Councillor H LI Jones accepted the response given by the Chief Executive.

Councillor H H Evans said all Scrutiny Committees needed to understand the process of how Cabinet worked and how the decisions were acted upon and when necessary, they were able to have items included on the Cabinet Agenda.

Councillor P J Marfleet suggested that regular meetings of Chairs and Vice Chairs of Scrutiny Committees were to be held under the new Scrutiny arrangements and they could consider Cabinet decisions if required.

RESOLVED that Cabinet notes the request to formally respond to all Scrutiny recommendations.

Cabinet advises Scrutiny Committees that there is a system in place which allows for formal feedback. Currently a Summary of Cabinet Decisions is produced for all Members, usually within 2 working days of the Cabinet meeting. The note of these decisions is sent to every Member via e-mail and the 4 Councillors not on e-mail receive the notification by post. The minutes are ratified at the next meeting of the Cabinet. Furthermore, Chairs of Scrutiny attend Cabinet meetings and are encouraged to raise any matters on the Cabinet Agenda for discussion. Cabinet's response is formally recorded and circulated to all Members. The Council diary is being reviewed to ensure more effective coordination of meetings and support for Cabinet, Scrutiny and Council.

12 URGENT ITEMS

There were no Urgent Items.

PART II 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 paragraph 16 of Part 4 of Schedule 12A of the Local Government Act 1972.

13 CHILDREN AND YOUNG PEOPLE'S SUBSTANCE MISUSE SERVICES

Councillor S Frobisher presented the report seeking Cabinet agreement to award the contract for the Conwy and Denbighshire Children and Young People's Substance Misuse Service to the provider named in the report.

A Task and Finish Group had been established and recommended to the Substance Misuse Action Team (SMAT) in February 2010 to decommission all current SMAT funded children and young people's services and tender for one service.

A funding allocation from both Denbighshire and Conwy had been agreed to fund the new service and the Youth Justice Service had also agreed to contribute to the new service, as had the Conwy CSP. A specification was developed for the service which included, for example, a requirement to deliver drug and alcohol education to secondary school pupils and young people accessing community groups, targeted interventions at young people at risk of becoming substance misusers such as young offenders and care leavers etc.

The Head of Regulatory Services, Conwy CBC introduced Ceriann Tunnah who was the joint Denbighshire and Conwy Substance Misuse Officer who had carried out the review to ensure best value for money leading to the proposed service being procured.

RESOLVED that Cabinet approve a contract for 3 years commencing April 2011 for Children and Young People's Substance Misuse services in Conwy and Denbighshire to the provider named in the report.

14 AWARD OF CONTRACTS FOR RESIDUAL WASTE DISPOSAL AND DRY RECYCLATE PROCESSING

Councillor S Frobisher presented the report seeking Cabinet approval to award a one year contract for the disposal of the Council's residual waste and a two year contract for the processing of commingled dry recycling.

This was part of a master plan by the Head of Environmental Services and it had a clear financial benefit to the Council. Councillor Frobisher congratulated him and his team on all their hard work and success.

All residual waste for disposal would be sent via the Ruthin Transfer Station with the contractor collecting the waste from Ruthin and transporting it to the disposal point themselves as this had proved to be the most competitive way. With the recycling contract officers believed the option priced by bidders to collect recycling from the Council's Transfer Stations offered the best solution.

Councillor E W Williams supported Councillor Frobisher's congratulations and comments. It was the foresight and vision of the County's officers that ensured Denbighshire led the way in residual and recyclates. Denbighshire was one of the first Authorities to go to WAG for funding for this. By agreeing the contracts enhanced provision would be provided.

The Head of Environmental Services and his team was also congratulated by Councillor P J Marfleet who also suggested the press be informed in due course of this excellent work.

RESOLVED that Members authorise the award of a 12 month contract for the disposal of the Council's residual waste and a two year contract for the treatment of the Council's dry recyclates, to the companies named in the report.

15 CAPITAL PLAN 2010-11 TO 2013-2014

Councillor J Thompson Hill presented the report for Cabinet to note the latest position on the 2010-2011 element of the Capital Plan. He asked Members to approve the Brighton Road project as detailed in paragraph 2.3 of the report at the cost stated.

He referred initially to the position for 2011/12 and later years. Heads of Service had been asked to submit bids for 2011-2012 and these would be reviewed by the Capital and Asset Strategy Group with the Group's recommendations being presented to Cabinet and Council for approval.

Councillor Thompson Hill detailed the Brighton Road project which would be 100% funded from SRA grants from WAG. Once the project was completed, one property would be sold and its original purchase price would be refunded back to WAG as part of the grant conditions. The Head of Finance and Assets said WAG had been approached regarding the scheme but they would only support it as originally submitted.

RESOLVED that Cabinet note the latest position on the 2010-2011 element of the Capital Plan. Members further approve the Brighton Road project as detailed in paragraph 2.3 of the report, at the cost stated.

16 RHYL FORYD HARBOUR DEVELOPMENTS

Councillor D A J Thomas presented the report seeking Cabinet approval for the progression of the 3 capital projects to further develop the Foryd Harbour, Rhyl, funded through the European Regional Development Fund (ERDF), for the sum stated in the report to detailed design and contractor procurement.

A bid for Convergence funding had been submitted in 2009 as part of the North Wales Coastal Towns project, for the Foryd cycling and pedestrian bridge, harbourside units and improvements to the High Street. WAG had supported the Foryd Bridge proposal. WAG wanted robust cost controls and adequate contingencies built for the scheme and were willing to share the cost of any overruns if necessary. Good project management was essential. Councillor P J Marfleet said this was a good development for Rhyl and wanted to ensure good and detailed project management was in place to alleviate the risk of cost overruns. Councillor G C Evans asked whether there would be any possibility of flooding if the mouth of the river was narrowed. He was assured that the channel would not narrow as the building the bridge pier would mean digging down into the channel.

Following further investigation into the High Street improvements the costs were considerably more than the funding secured. WEFO would not support a reduced impact scheme and during the current economic climate it was felt to be the wrong time

to carry out the works nor affordable with the current level of funding available. However, small scale improvements to the High Street have been discussed with local Members and their support has been given to these improvements.

Further ideas were being developed for the harbour units.

The Head of Finance and Assets said that regardless of any verbal agreements with WAG, this was a highly complex civil engineering project and the ultimate financial risk of the projects would remain with the Council, including any business units and their maintenance costs.

RESOLVED that Cabinet approve the progression of the 3 capital projects to further develop the Foryd Harbour, Rhyl, funded through the European Regional Development Fund (ERDF), for the sum stated in the report to detailed design and contractor procurement in order to maximise the Harbour's potential, increase Denbighshire's income stream and provide a high quality visitor destination which will raise the profile of Rhyl, leading to job creation within and outside the Harbour developments.

The meeting concluded at 1.05 p.m.

REPORT TO CABINET

REPORT BY: Councillor J Thompson-Hill, Lead Member for Finance

DATE: 15th February 2011

SUBJECT: Revenue Budget & Summary Capital Plan 2010/11

1. DECISIONS SOUGHT

- 1.1 To note the latest estimates of the likely outturn for the 2010/11 financial year as detailed in the attached Appendix 1.
- 1.2 To note the summary capital plan performance for the 2010/11 financial year as detailed in the attached Appendices 2 and 3.
- 1.3 To note the latest Housing Revenue Account and housing capital position for 2010/11 as detailed in Appendices 4 and 5.

2. REASONS FOR SEEKING DECISION

- 2.1 To advise members of the latest budget forecasts in order to deliver the agreed budget strategy for 2010/11. The report also keeps members informed of the Council's money market dealings.

3. POWER TO MAKE THE DECISION

- 3.1 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

- 4.1 This report shows the revenue and capital projections for the current financial year. To be consistent with previous budget reports and planning assumptions, this report and those to the end of the financial year will retain the four directorate block presentation. All budget reports relating to 2011/12 will be presented taking account of the new corporate structure. Appendix 1 details a projected revenue under spend of £265k, excluding the schools' delegated budgets. Vacancies and other savings within the Environment block and additional DWP subsidy within Corporate Governance & Efficiency have contributed to the £75k increase in the projected net under spend from last month. The revenue budget forecasts assume a neutral impact for single status payments in this financial year. The over spend reported on the schools' delegated budgets has reduced by £79k to £517k and relates to four schools in financial difficulty.

- i) Lifelong Learning is forecasting a balanced budget. A commitment has been made by the directorate to increase the accountability of budget holders. This will result in all overspends being taken off next year's*

budget if they have occurred as a result of ineffective budget management. Budget holders will have to balance their budgets in year unless the directorate management team have approved the variance on the basis of expenditure beyond the budget holder's control.

ii) Social Services & Housing is forecasting a balanced budget with some pressures funded from reserves. Details are as follows:

a) *There remain ongoing pressures on specialist placement budgets in Children's Services. The cost of these creates an additional pressure but it will be funded by the Specialist Placement Reserve this year. Within Adults, demand on domiciliary and residential services for older people has increased recently. The over spend on learning disability budgets has increased as income forecasts within the work opportunity service have been reduced. Any overspends arising this year will be funded from the uncommitted element of the Supporting People grant. The additional costs in Housing this year are as a result of recent legislative changes.*

b) *The forecast assumes that the council's share of the Continuing Healthcare funding will be paid in 2010/11 and that funding matches expenditure.*

iii) Environment is forecasting an under spend of £235k.

The latest forecast assumes that the overspend on winter maintenance budgets (currently £117k) will be funded using a combination of under spends within other Highways & Infrastructure budgets, additional contributions from the North Wales Trunk Road Agency and by drawing on the Winter Maintenance Reserve.

iv) Corporate Governance & Efficiency budgets are forecast to be £30k under spent in total. This includes pressures on the translation budget offset by some additional DWP subsidy received in Finance.

4.2 **Capital expenditure** at the end of October is **£17.3m**, for a plan that totals **£28.7m**. Appendix 2 shows a **Capital Plan summary** and Appendix 3 shows expenditure split by Directorate priority.

4.3 As previously agreed by Cabinet, **Housing Revenue Account (HRA)** and **Housing Capital Plan** updates are included in this report when there is no separate HRA report. Appendix 4 summarises the latest HRA position and Appendix 5 shows the latest Housing Capital Plan.

4.4 The latest figures show an in year surplus of £291k (an improvement of £3k from last month) on the HRA and capital expenditure of £6.7m against an original plan of £8m. The capital expenditure forecast remains the same as last month with works not completed this year rolling into 2011/12. There have been four council house sales this year under the Right to Buy scheme meaning the housing stock is now 3,465. The Housing Stock Business Plan has been

reviewed and remains financially viable, with the council still on track to achieve the Welsh Housing Quality Standard by the end of 2012.

5. RISK ASSESSMENT

5.1 Risks associated with not agreeing the recommendations

Risk of service overspends not being contained within the overall Council budget with the resulting reduction to Reserves & Balances and pressure continuing into future years.

5.2 Risks associated with agreeing the recommendations

No perceived risks currently but future funding reductions have a potential impact upon service levels and quality and the possibility of a negative impact upon the Council's public image.

6. CHIEF FINANCIAL OFFICER STATEMENT

6.1 All departments will need to continue to exercise tight control over their revenue expenditure to ensure they remain within their budgets. The current financial year must be used as a platform for all departments to deliver the significant savings required to achieve the council's Medium Term Financial Strategy.

6.2 Service budgets remain broadly on target and the latest improved forecast is positive, though some pressures are being funded by reserves. Should pressures emerge within the remainder of the year, departments will need to contain them within existing resources. It is crucial that the longer term implications of spending decisions and commitments in the remainder of this financial year are considered in the context of the significant funding reductions ahead.

6.3 MONEY MARKET INVESTMENTS UPDATE

The Council's strategy in 2010/11 is to reduce new borrowing and investment balances through use of temporary cash surpluses but maintain a level of cash that is sufficient for cash flow purposes. New borrowing has occurred this financial year, prior to the recent increase in interest rates charged to local authorities. Further debt rescheduling opportunities will continue to be explored and taken at the appropriate time by monitoring the Capital Plan, interest rates and the Council's cash position. Investment balances are continually monitored with the aim of maintaining sufficient levels to meet the Council's cash flow requirements.

The Council continues to invest with the top 6 UK banking groups and the HM Treasury deposit account. The Treasury Management Strategy agreed by Council allows investments to be placed with banks in Germany and Australia when required. The likely future levels of surplus cash makes this an unlikely event in the short to medium term.

Officers are meeting regularly with the Council's Treasury advisers to evaluate the current market position and are reviewing the strategy.

6.4 USE OF DELIVERING CHANGE FUND RESOURCES

There is no change to the position reported to the last Cabinet meeting.

7. CONSULTATION CARRIED OUT

- 7.1 Lead Cabinet members will consult with Heads of Service during the financial year to agree necessary remedial actions to accommodate pressures in year.

8. IMPLICATIONS

8.1 Assessment of Impact on Corporate Priorities:

Proper management of the Council's revenue budget underpins activity in all of the Council's priority areas.

8.2 Assessment of impact on the Vision, Community Strategy, Equalities and Sustainability:

Proper management of the Council's revenue budget enables services to work towards delivering the Council's Vision.

8.3 Assessment of Impact on Climate Change - Mitigation and Adaptation:

None directly

8.4 Assessment of Impact on NERC Act Biodiversity Duty:

None directly

9. ACTION PLAN

- 9.1 All departments undertake regular budget monitoring to identify savings and efficiencies.

10. RECOMMENDATIONS

- 10.1 To note the latest revenue projections for 2010/11 as detailed in the attached Appendix 1.
- 10.2 To note the summary Capital Plan performance figures for 2010/11 financial year as detailed in the attached Appendices 2 and 3.
- 10.3 To note the latest Housing Revenue Account and Housing Capital Plan forecasts as shown in Appendices 4 and 5.

**MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2009/10
SUMMARY POSITION AS AT END MARCH 2011**

Service	Budget			Projected Outturn			Variance			Variance
	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Previous report £000s
Lifelong Learning (excluding schools delegated)	23,990	-9,023	14,967	24,482	-9,515	14,967	492	-492	0	0
Environment	46,315	-17,896	28,419	46,030	-17,846	28,184	-285	50	-235	-210
Social Services & Housing	58,642	-17,575	41,067	59,505	-18,438	41,067	863	-863	0	0
Corporate Governance & Efficiency	20,991	-8,394	12,597	21,011	-8,444	12,567	20	-50	-30	20
Corporate, Miscellaneous & Benefits	32,358	-26,458	5,900	32,358	-26,458	5,900	0	0	0	0
Business Planning & Performance	2,503	-1,867	636	2,503	-1,867	636	0	0	0	0
Total All Services	184,799	-81,213	103,586	185,889	-82,568	103,321	1,090	-1,355	-265	-190
Capital Financing Charges savings & additional Investment Income net of contributions to specific provisions			11,131			11,131			0	0
Precepts & Levies			4,602			4,602			0	0
Contribution to balances/reserves			0			0			0	0
			119,319			119,054			-265	-190

Note:

The Management Accounting rules of the Council require debtor account entries to be reversed in respect of amounts outstanding for more than 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 REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2009/10
LIFELONG LEARNING
SUMMARY POSITION AS AT END MARCH 2011

	Budget			Projected Outturn			Variance			Variance
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Previous report
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Individual School Budgets	62,901	-6,794	56,107	63,418	-6,794	56,624	517	0	517	596
Schools - Non Delegated	4,121	0	4,121	4,172	-51	4,121	51	-51	0	
School Improvement & Inclusion	7,484	-2,630	4,854	7,662	-2,808	4,854	178	-178	0	0
Modernising Education	1,710	0	1,710	1,718	-8	1,710	8	-8	0	0
Education Grants	3,342	-3,342	0	3,342	-3,342	0	0	0	0	0
Library Services	2,359	-108	2,251	2,359	-108	2,251	0	0	0	0
Leisure & Youth Services	4,424	-2,393	2,031	4,679	-2,648	2,031	255	-255	0	0
Cultural Services Grants	550	-550	0	550	-550	0	0	0	0	0
Total excluding schools	23,990	-9,023	14,967	24,482	-9,515	14,967	492	-492	0	0

MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2010/11
LIFELONG LEARNING

	Current Month £000s	Previous Month £000s
<p><u>SCHOOLS - DELEGATED</u></p> <p>The projected overspend of £517k is reflective of the latest position during quarter 4. This relates to those schools who are currently reported as being in financial difficulty. These are Ysgol Plas Brondyffryn, Denbigh High, Rhyl High and Blessed Edward Jones. YBPD and BEJ both have clear and defined recovery plans in place. YPBD is set to achieve a surplus position within 11-12 (1 year ahead of plan) with BEJ set to follow in 12-13 (as per plan). RHS has got a draft plan in place pending release of the final budgets however it is likely that further work will need to be done on this to address the changes arising from the reduction in the 11-12 budget. DHS has not yet presented a financial recovery plan but will be now be required to do so within the first 3 months of the 11-12 financial year.</p>	517	596
<p><u>SCHOOLS - NON DELEGATED</u></p> <p>This budget has been reviewed and realigned this year. A significant number of smaller budgets have been delegated to schools in order better control the impact of unbudgeted costs that are being charged centrally. The remaining budgets relate to central schemes that have been created through the pooling of some of the delegated school budgets. These budgets are the responsibility of the schools but administered centrally so any surplus/deficit where applicable is realigned against the delegated budgets. The non-delegated budget should therefore always show a nil variance.</p>	0	0
<p><u>SCHOOL IMPROVEMENT & INCLUSION</u></p> <p>A commitment has been made by the directorate to increase the accountability of budget holders. This will therefore result in all overspends being taken off next years budget if they have occurred as a result of ineffective budget management. Budget Holders will have to balance their budgets in year unless DMT have approved the variance on the basis of expenditure beyond the budget holders control. The restructure within the service is still ongoing and is on track to achieve the planned efficiency savings. The outturn position therefore includes the cost of redundancy/early retirement incurred in relation to the ongoing restructure being met from this year's budget.</p>	0	0
<p><u>MODERNISING EDUCATION</u></p> <p>The service should achieve a balanced budget as a result of in year pressures being contained by the non replacement of staff on maternity leave.</p>	0	0
<p><u>LEISURE & YOUTH SERVICES</u></p> <p>This year should see the full effect of the Leisure restructure with all budget holders being held accountable for their delegated budget responsibilities. Current energy costs have been reflected at a lower rate compared with last year as informed by the energy unit. Last year energy was the biggest area of volatility within the service. The budgets have been aligned to reflect this and any change will cause a pressure on the delivery of a balanced position. The projection assumes that income levels will be have to be met so the pressure from the recent bad weather is being contained through a cutback in other expenditure between now and year end to ensure a balanced budget can still be presented. Youth Services are also currently reporting a balanced position pending a full restructure of the service to be implemented in February 2011.</p>	0	0
<p><u>LIBRARY SERVICES</u></p> <p>The service is currently working to an estimated balanced budget. Transfers of credit balances from the holding accounts will be utilised to offset the matchfunding for the Rhyl Library refurbishment.</p>	0	0
<u>TOTAL</u>	517	596

**MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2009/10
ENVIRONMENT
SUMMARY POSITION AS AT END MARCH 2011**

	Budget			Projected Outturn			Variance			Variance
	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	Previous report £000s
HIGHWAYS & INFRASTRUCTURE	15,303	-5,360	9,943	15,240	-5,298	9,942	-63	62	-1	-5
PLANNING & PUBLIC PROTECTION	4,539	-1,725	2,814	4,489	-1,751	2,738	-50	-26	-76	-86
DIRECTOR & SUPPORT	380	-57	323	190	-57	133	-190	0	-190	-147
ENVIRONMENTAL SERVICES	17,631	-6,375	11,256	17,667	-6,375	11,292	36	0	36	34
REGENERATION & TOURISM	8,462	-4,379	4,083	8,444	-4,365	4,079	-18	14	-4	-6
Total Environment	46,315	-17,896	28,419	46,030	-17,846	28,184	-285	50	-235	-210

MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2010/11
ENVIRONMENT

Comments	Current Month	Previous Month
HIGHWAYS & INFRASTRUCTURE		
School and Public Transport Most of the savings on these budgets have now been vired to offset the major income pressures in Car Parking.	-25	-5
Car Parking income Car Parking income continues to be significantly below budget as a result of the downturn in the economic climate. Budget has been vired from the School Transport service to partly offset this pressure.	45	45
Highways and Winter Maintenance The severe weather conditions during the last winter placed a huge financial strain on the winter maintenance (WM) budget in 09/10 which was overspent by £327K. Following the recent severe weather conditions during November and December this budget is again under pressure although some of the costs are recharged to the North Wales Trunk Road Agency. There is also the WM Reserve available to dampen any in-year pressure.	24	0
Staffing savings Savings from vacant posts in the Highways Network and Admin Support Sections.	-45	-45
TOTAL HIGHWAYS & INFRASTRUCTURE	-1	-5
PLANNING & PUBLIC PROTECTION		
Building Control and Development Control These budgets have now been realigned to negate the downturn in income due to the recession.	-11	-21
Licensing An award of costs has been made against the Council as a result of a successful appeal by the V2 Nighclub in Ruthin against the closure of the premises. These costs (£24K) are included in this report.	13	13
Improvement Grants Due to the short term nature of this funding it has been difficult to appoint staff to these positions and as a result there will be underspends in 10/11. The work required as part of the funding has been undertaken by existing staff.	-20	-20
Staffing savings & Professional Fees The budget savings on vacant posts plus not committing to spend the professional fees budgets across the Service.	-58	-58
TOTAL PLANNING & PUBLIC PROTECTION	-76	-86
DIRECTOR & SUPPORT		
Staffing savings/Initiatives As part of the vacancy control process savings as a result of posts remaining vacant are transferred to a central budget formerly controlled by the Director. This is the projected savings for the year which are not included in other parts of the report. The Initiatives budget is funding the 10/11 shortfall in the Llangollen Pavilion budget (please see below).	-190	-147
TOTAL DIRECTOR & SUPPORT	-190	-147
ENVIRONMENTAL SERVICES		
Refuse Collection & Waste Disposal Latest indications are that not all the N Wales Residual Waste facility procurement budget of £309K will be spent.	-64	-40
Public Conveniences Savings as a result of rating revaluations on some premises.	-17	-17
Free School Meals Pressure on the school meal budget due to the continued increase in entitlement and uptake has been partly offset by one year only additional budget of £70K been given to the service in 10/11.	68	76
General Savings on Street Lighting being used to partly offset cost of new Hi Lite management system and insurance pressure in 10/11.	49	15
TOTAL ENVIRONMENTAL SERVICES	36	34
REGENERATION & TOURISM		
Llangollen Royal International Pavilion There is a pressure on this budget in 10/11 as a result of the delay in re-opening the Venue following the major upgrade to the facilities.	56	54
Staffing savings Projected savings on salary budgets as a result of not filling the HoS position plus other vacant posts across the Department. These savings have been partly offset by extra payments to other officers pending the final restructuring.	-60	-60
TOTAL REGENERATION & TOURISM	-4	-6
TOTAL ENVIRONMENT	-235	-210

MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2009/10
SOCIAL SERVICES AND HOUSING
SUMMARY POSITION AS AT END MARCH 2011

	Budget			Projected Outturn			Variance			Variance
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure	Previous report
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	9,403	-821	8,582	9,626	-878	8,748	223	-57	166	115
Adult Services	42,903	-10,811	32,092	43,620	-11,633	31,987	717	-822	-105	-67
Supporting People Grant	4,481	-4,481	0	4,481	-4,593	-112	0	-112	-112	-93
Sub Total Social Services	56,787	-16,113	40,674	57,727	-17,104	40,623	940	-991	-51	-45
Non HRA Housing	1,855	-1,462	393	1,778	-1,334	444	-77	128	51	45
Total	58,642	-17,575	41,067	59,505	-18,438	41,067	863	-863	0	0

**MONTHLY REVENUE BUDGET MONITORING REPORT - FINANCIAL YEAR 2009/10
SOCIAL SERVICES & HOUSING**

<u>Comments</u>	Current Month	Previous Month
	£000's	£000's
SOCIAL SERVICES		
CHILDREN'S SERVICES The outturn for Children's Services is currently showing an overspend of £166K. To achieve this, a figure of £140k has been assumed from the Children's Specialist Placement reserve. Specialist Residential and Fostering placements still remain the main pressure areas with a combined overspend of £316K. This outturn assumes no further increased costs in relation to Specialist placements during the remainder of the financial year.	166	115
TOTAL CHILDREN'S SERVICES	166	115
ADULT SERVICES		
Learning Disabilities The service is projected to show an over spend of £62k, an increase of £47k from the previous month. This is largely due to a reduction in the projected level of income received from the Work Opportunity services. The outturn assumes CHC income of £96k but the definitive split has not yet been agreed.	62	15
Mental Illness Expenditure on Residential, Nursing and Homecare continues to be the main budget pressure, though the forecast has improved. The projected AMH Partnership outturn has also improved. Vacant posts are not expected to be filled in this financial year.	116	156
Older People The outturn for Older People is currently £126k overspent with the main pressures on residential, nursing and domiciliary care budgets. Demand has increased on these services over December/January and trends are being reviewed. The expenditure can fluctuate significantly during the year, especially on domiciliary care. Free Nursing Care income has increased for 10/11 and Income forecasts have improved in the local authority homes due to an increasing number of residents paying full fees. There is an underspend on home care which is due to vacant posts that will be filled next financial year. Expenditure on carers services has decreased as there are less people receiving these services in both the North and South of the county.	126	95
Older People Extra Care Provision This budget will be allocated during 2011/12 to fund the Prestatyn and Ruthin extra care schemes.	-180	-160
PDSI Community Care spend was the largest budget pressure in 2009/10 and this will still be the case for 2010/11 despite some improvement this month. It is still expected that expenditure on specialised equipment can be	-6	26
Performance Management & Commissioning This projected under spend is mainly savings in staffing costs due to the continuation of the vacancy control process.	-216	-199
Other Adult Services Charging policy income received so far based on nine months' invoices is higher than the corresponding period last year and should mean income from charges meets the revised charging policy budget. However, since income from charges can be volatile and difficult to predict, this figure is closely monitored and reviewed every month.	-161	-159
Cefndy Healthcare Improved sales and the tightening of internal controls are expected to result in a balanced budget for 2010/11. Sales currently show an improvement of £160k compared to the corresponding period last year.	0	0
Business Support & Development Costs associated with the Paris Project remain a significant pressure this year due to the implementation of the latest phase of the system. There are also underlying pressures in directorate support budgets. Additional pressures this year include the costs of the acting Head of Children's Services' post being extended by five months until January and a reduction in income to the Workforce Development Unit.	154	159
TOTAL ADULT SERVICES & BSD	-105	-67
Supporting People The in year under spend in 2009/2010 was taken to fund corporate pressures going forward and £500k has been identified to fund future pressures in 2010/11. At this stage, any surplus above this amount will be assumed to be taken to the Supporting People reserve but this position may change as the year progresses.	-112	-93
HOUSING The pressure on homeless budgets is currently £49k. Recent changes to the HRA leasing subsidy have had a negative impact on council funded housing services to the value of £34k. Also, changes in HB legislation has caused a projected overspend of £6k in B&B accommodation. In addition, the Housing Task & Finish Group agreed to continue funding to voluntary organisations to the value of £27k. Other accommodation costs have started to increase, however, HB receipts are also following the same trend, therefore net expenditure projections remain static. Utilising alternative resources have assisted with maintaining the homelessness overspend at circa £50k.	51	45
TOTAL HOUSING	51	45
TOTAL SOCIAL SERVICES & HOUSING	0	0

MONTHLY BUDGET MONITORING REPORT - FINANCIAL YEAR 2010/11
CORPORATE GOVERNANCE AND EFFICIENCY & BUSINESS PLANNING & PERFORMANCE
PERIOD ENDING MARCH 2011

Directorates	Budget 31-Mar-11			Projected Outturn			Variance		
	Gross Exp	Gross Inc	Net Exp	Gross Exp	Gross Inc	Net Exp	Gross Exp	Gross Inc	Net Exp
	£k	£k	£k	£k	£k	£k	£k	£k	£k
<u>FINANCE & ASSETS</u>									
Finance	5,107	(2,234)	2,873	5,107	(2,284)	2,823	-	(50)	(50)
Property	7,601	(4,167)	3,434	7,601	(4,167)	3,434	-	-	-
FINANCE & ASSETS	12,708	(6,401)	6,307	12,708	(6,451)	6,257	-	(50)	(50)
<u>STRATEGIC HR</u>									
HR	1,699	(381)	1,318	1,699	(381)	1,318	-	-	-
<u>GOVERNANCE & EFFICIENCY</u>									
Corporate Governance	2,155	(541)	1,614	2,085	(541)	1,544	(70)	-	(70)
Translation	110	-	110	200	-	200	90	-	90
GOVERNANCE & EFFICIENCY	2,265	(541)	1,724	2,285	(541)	1,744	20	-	20
<u>CUSTOMER CARE</u>									
Customer Services	868	(190)	678	868	(190)	678	-	-	-
ICT	2,691	(594)	2,097	2,691	(594)	2,097	-	-	-
Corporate Communications	216	(54)	162	216	(54)	162	-	-	-
CUSTOMER CARE	3,775	(838)	2,937	3,775	(838)	2,937	-	-	-
<u>AUDIT & RISK MANAGEMENT</u>									
Internal Audit	450	(124)	326	450	(124)	326	-	-	-
Risk Management & Insurance	94	(109)	(15)	94	(109)	(15)	-	-	-
AUDIT & RISK MANAGEMENT	544	(233)	311	544	(233)	311	-	-	-
CORPORATE GOVERNANCE & EFFICIENCY	20,991	(8,394)	12,597	21,011	(8,444)	12,567	20	(50)	(30)
CORPORATE & MISCELLANEOUS	6,717	(817)	5,900	6,717	(817)	5,900	-	-	-
<u>BUSINESS PLANNING & PERFORMANCE</u>									
Improvement Team	356	-	356	356	-	356	-	-	-
Project Management	338	(224)	114	338	(224)	114	-	-	-
Partnership & Communities	1,809	(1,643)	166	1,809	(1,643)	166	-	-	-
BUSINESS PLANNING & PERFORMANCE	2,503	(1,867)	636	2,503	(1,867)	636	-	-	-
BENEFITS	25,641	(25,641)	-	25,641	(25,641)	-	-	-	-
<u>TOTAL</u>	55,852	(36,719)	19,133	55,872	(36,769)	19,103	20	(50)	(30)

1. Underlying pressure due to external translation costs greater than budget, currently under review in order to reduce costs & provide a more focussed service.

Denbighshire County Council - Capital Plan 2010/11 - 20013/14
Position as at January 2011

APPENDIX 2

		2010/11	2011/12	2012/13	2013/14
		£000s	£000s	£000s	£000s
Capital Funding:					
1	General Funding:				
	Unhypothecated Supported Borrowing	4,874	8,151	4,445	4,431
	General Capital Grant	3,917	1,936	1,565	1,369
	General Capital Receipts	941			
	Earmarked Capital Receipts	395	49	0	0
		10,127	10,136	6,010	5,800
2	Prudential Borrowing	7,750	3,066	0	0
3	Reserves and Contributions	741	424	0	0
4	Specific Grants	10,401	5,201	70	
	Total Finance	29,019	18,827	6,080	5,800
	Total Estimated Payments	-28,244	-18,585	-80	0
	Contingency	-775	-1,000	-1,000	-1,000
	Earmarked Contingency				
	Unallocated Reserve	0	0	0	0
	Funding available	0	-758	5,000	4,800

Capital Expenditure By Directorate

	2010/11 Spend to January	2010/11 Estimated programme	2011/12 Estimated programme	2012/13 Estimated programme	2013/14 Estimated programme
	£000	£000	£000	£000	£000
Environment	15,375	21,301	7,955	80	0
Lifelong Learning	2,271	3,712	8,577	0	0
Corporate, Governance and Efficiency	1,769	2,920	1,713	0	0
Social Services and Housing	139	311	340	0	0
Total	19,554	28,244	18,585	80	0

Capital Expenditure by Council Priority

	2010/11 Spend to January	2010/11 Estimated programme	2011/12 Estimated programme	2012/13 Estimated programme	2013/14 Estimated programme
	£000	£000	£000	£000	£000
Modernising Education	1,626	2,722	7,947	0	0
Roads and Flood Defence	6,567	8,164	1,800	0	0
Regeneration	2,715	3,513	315	0	0
Responding to Demographic Change					0
Total	10,908	14,399	10,062	0	0

As part of the 10/11 revenue budget, the Council agreed to fund the borrowing costs of additional Prudential Borrowing. The table below shows how the funds were allocated and forecast expenditure

Additional Prudential Borrowing

	2010/11 Spend to January	2010/11 Estimated Programme
	£000	£000
Highways	3,673	4,400
Total	3,673	4,400

Housing Revenue Account ~ 2010/2011 Budget					
2009/2010	Period 10 - JANUARY 2011	2010/2011			2010/2011
Final Outturn		Original Budget	Forecast Out-turn	Variance to Budget	Previous Report Dec
£	EXPENDITURE	£	£	£	£
1,764,345	Supervision & Management - General	1,799,554	1,883,838	-84,284	1,883,673
275,198	Supervision & Management - Special	282,778	281,198	1,580	281,198
146,779	Welfare Services	149,058	155,175	-6,117	154,878
2,661,438	Repairs and Maintenance	2,739,136	2,711,469	27,667	2,712,755
4,847,760	Total Housing Management	4,970,526	5,031,680	-61,154	5,032,504
2,212,562	Item 8 Capital Charges	2,452,038	2,410,650	41,388	2,413,767
0	Rent Rebate Subsidy Limitation	91,000	75,000	16,000	75,000
3,044,175	Subsidy	2,986,027	3,016,493	-30,466	3,016,493
-7,081	Provision for Bad Debts	26,750	25,750	1,000	25,750
10,097,417	Total Expenditure	10,526,341	10,559,573	-33,232	10,563,514
	INCOME				
10,474,398	Rents (net of voids)	10,644,755	10,688,789	44,034	10,689,017
139,940	Garages	153,342	150,555	-2,787	150,929
4,924	Interest on Balances & Other Income	34,886	11,106	-23,780	11,106
10,619,262	Total Income	10,832,983	10,850,449	17,466	10,851,052
	Surplus / Deficit (-) for the Year:				
521,845	General Balances	306,642	290,876	-15,766	287,538
1,021,686	Balance as at start of year ~ General	1,543,531	1,543,531	0	1,543,531
1,543,531	Balance as at end of year ~ General	1,850,173	1,834,407	-15,766	1,831,069

HRA Capital Plan Update 2010/11

Month 10

Actual 2009/10 £	Description	Approved Schemes £	Actual at End Jan £	Forecast Outturn £
464,100	Environmental Improvement Works	415,000	413,383	495,000
3,032,256	Major Improvements	7,226,000	4,110,188	5,755,167
119,044	Windows Replacement	0	0	0
15,816	Central Heating Contract	0	0	0
410,209	Disabled Adaptations (Council Houses)	400,000	403,095	465,000
4,041,425	Total	8,041,000	4,926,666	6,715,167
2009/10 £	HRA Capital Plan Financed By:	Original £		Forecast £
2,400,000	Major Repairs Allowance Grant	2,400,000		2,400,000
18,900	Useable Capital Receipts	21,000		66,000
1,622,525	Prudential Borrowing	5,620,000		4,249,167
4,041,425	Total	8,041,000		6,715,167

REPORT TO CABINET

CABINET MEMBER: Councillor D A J Thomas, Lead Member for Regeneration, Tourism and Housing

DATE: 15th February 2011

SUBJECT: **Housing Revenue Account
Revenue Budgets and Capital Budgets 2011/12**

1 DECISION SOUGHT

- 1.1 That the Housing Revenue Account Budget (Appendix 1) and the Housing Stock Business Plan (Appendix 2) be adopted.
- 1.2 That rents for Council dwellings be increased in accordance with the Rent Setting Policy in Section 2.2.12 (average 4.6%) from Monday 4th April 2011.
- 1.3 That rents for Council garages be increased in accordance with Section 2.5.1 by £0.20 to £5.70 (3.6%) per week with effect from Monday 4th April 2011.
- 1.4 That heating charges be increased in accordance with Section 2.6.3 by 2.5% with effect from Monday 4th April 2011.
- 1.5 That contracts for Lot 5 of the Housing Capital Framework Agreement and for the re-roofing of Maes Emlyn, Rhyl be approved in accordance with Section 2.8.1

2 REASON FOR SEEKING DECISION

- 2.1.1 Statutory requirement to set budgets and rent levels before the start of the new financial year.
- 2.1.2 The budget for 2011/12 must be set to conform with the Housing Stock Business Plan (HSBP) established when the Council decided to retain its housing stock and fund improvements to reach WHQS by 2012 and maintain it until 2041.

2.2 Housing Revenue Account (HRA)

- 2.2.1 The latest forecast out-turn for 2010/11 is detailed in Appendix 1, in line with the monthly monitoring report. Balances, at year end, are forecast to be £1,834,407.
- 2.2.2 The proposed budget for 2011/12 is also detailed in Appendix 1. The budget has been calculated on the following bases:
 - HRA Subsidy Determinations;
 - Average rent increases of 4.6%;
 - Management expenditure in line with the HSBP assumptions, increase 5%;
 - Repairs and Maintenance in line with HSBP assumptions, increase 5%;

- 4 Right To Buy (RTB) Sales in 2010/11 and 1 in subsequent years
- 2.2.3 Final HRA Subsidy Determinations are expected from WAG in early February 2011. The Determination effectively decides the amount of the negative subsidy paid to WAG and on to the Treasury each year. It assumes that “Guideline Rents” are charged, that “Management and Maintenance” costs are fixed, and older supported capital repayments are made. The “notional” HRA account produced from this calculation is in surplus and this amount is paid to WAG and on to the Treasury as negative subsidy. There is a national review of the HRAS under way but there is no prospect of significant change to the Subsidy system until at least 2012.
- 2.2.4 New Guidance in 2010 from WAG indicated that Guideline Rents should be based on inflation plus 2% with the policy intention of convergence between Council rents and Housing Association rents (Benchmark Rents). Once convergence is achieved in about 8 years time then Guideline Rents will track benchmark rents which will generally increase by inflation plus 1%. WAG have given general guidance that the total amount of HRA Subsidy to be paid should be maintained at or about its current level plus 2% inflation which is better than previous versions where amounts increased substantially.
- 2.2.5 The Draft HRAS Determinations for 2011-12 were received in December and gave a more difficult position for next year. Inflation at the relevant date in September 2010 was 4.6% and WAG proposed an all-Wales increase in Guideline Rents of 6.6% and Benchmark Rents of 5.6%. This did allow for a higher increase of 10.48% in the Management and Maintenance Allowance. However the distribution of the increase in Guideline Rents across Wales gave an increase of 7.8% for Denbighshire and WAG were asked to reconsider the Determination on the grounds that this level of increase would cause hardship.
- 2.2.6 The final Determination is awaited but indications are that it will assist by suspending the convergence policy for another year and reducing the Guideline Rent to 1% above the September inflation figure.
- Management and Maintenance allowances will increase to £2,267 per dwelling (an increase of 8.83% over 2010/11);
 - Guideline Rent increases to £62.77 per dwelling per week (6.28% for Denbighshire, 5.6% for Wales);
 - Benchmark Rents increase to £69.08 (5.6%).
- 2.2.7 It is estimated that the HRA Subsidy payment to Welsh Assembly Government (WAG), for 2011/12 will total £3.063m, an increase of 1.6%.
- 2.2.8 It is proposed to increase rents by 4.6% for almost all tenants. Since 2006 actual rents have been higher than Guideline Rents in order to provide some additional capital to fund the backlog of works. This level of rise will set rents for 2011-12 at the Guideline Rent. A restricted increase will impact on income but is considered affordable given the overall position of the HRA and the HSBP.
- 2.2.9 Some 65% of all tenants are in receipt of Housing Benefit and will therefore receive support towards the increase. It is not considered to be reasonable to seek rises above 4.6% taking account of current financial circumstances and inflation levels for tenants, especially those just above Housing Benefit thresholds.

- 2.2.10 Because the proposed rent levels are set at Guideline Rents, there will no longer be any requirement to pay Rent Rebate Subsidy Limitation (RRSL) to the Department of Works and Pensions (DWP).
- 2.2.11 There are now only 12 tenants paying below average rent at February 2011 because of historical anomalies which are being caught up over a period of years. It is proposed that they all move to Guideline Rent this year. They will therefore need a rent increase above 4.6%. The maximum increase for these properties will be £5.61 or 11% but given the small number of tenants involved it is possible to ensure there will be no hardship.
- 2.2.12 All tenants will therefore pay Guideline Rent

	Actual Rent 2010/11	Guideline/ Actual Rent 2011/12
Bed-sit	£50.75	£53.09
1 Bedroom	£53.40	£55.86
2 Bedrooms	£57.73	£60.39
3 Bedrooms	£66.61	£69.67
4 Bedrooms	£73.24	£76.61
Weighted Average	£60.00	£62.77

2.3 Housing Stock Business Plan (HSBP)

- 2.3.1 As part of the budget process it is necessary to monitor the Housing Stock Business Plan. A formal review of the HSBP was undertaken in late 2009 with a Due Diligence assessment by external consultants. The overall judgment was that the Housing Stock Business Plan remained viable. The only realistic alternative would be Stock Transfer and this should not be pursued at the moment given the uncertainty over the future of the HRA Subsidy system. It is clear that Transfer could eventually provide additional finance which might allow more scope for new development to meet housing need although it is not required to deal with the issues of the current stock. However the HRA Subsidy review might provide similar advantages. It is also unlikely that enough support could be realised to carry through the difficult transfer process including a ballot of tenants.
- 2.3.2 The review and due diligence assessment thus appear to show that the HSBP remains viable and a revised Plan was submitted to WAG in December 2009, effectively a bid for the Major Repairs Allowance (MRA) for 2010/11. WAG accepted the Plan and confirmed the MRA for 2010/11. A further revised HSBP was submitted to WAG in December 2010 as a bid for MRA in 2011/12.
- 2.3.3 The latest Plan remains close to previous versions but does have some changes which are generally beneficial. It takes into account the latest WAG Guidelines and the HRA Subsidy Determinations, together with allowances for revenue and capital expenditure which are based on best current estimates – except that capital contract costs have not been reduced to reflect improved tenders received

in order to provide some contingency funding. Basically the Plan follows the WAG Guidelines for 2011-12. It then assumes inflation of 2% per annum from 2012/13 and rents rising by 2% above inflation until convergence. Management and Maintenance Allowances rise well above inflation - made possible by falling capital debt eligible for HRA Subsidy and WAG assumptions that Subsidy levels will be broadly maintained. Capital funding is from the MRA, a small amount from Capital Receipts and the remainder from Prudential Borrowing. An increasing amount of funding from revenue will be used for capital expenditure (CERA) when it is prudent to do so, in order to reduce borrowing costs.

- 2.3.4 There is no current requirement to find additional revenue savings. The requirement for HRA Subsidy eligible borrowing has been removed and will not now impact on prudential borrowing levels for the Council Fund. The proposed budget shows an expected outturn for 2011/12 in line with the Plan. The Plan must ensure that HRA balances do not go into deficit throughout the lifetime of the Plan.
- 2.3.5 The Capital Programme for 2011/12 will consist of completing the framework contracts so that all properties will have received improvements. New contracts will then be arranged to complete the works outstanding on properties which have had improvements in earlier years which need to be revisited. An extended programme of Environmental Improvements will also be included. The total cost of capital works for 2011/12 will be in line with the Housing Stock Business Plan at £5,969,000.

2.4 Leasing

- 2.4.1 Leasing Subsidy within the HRA was withdrawn by the Treasury and WAG from October 2009 and funding for temporary accommodation for homeless people is now accounted for in the Council Fund.

2.5 Garages

- 2.5.1 Rents for garages increased significantly in 2007 and by 3.8% from £5.30 to £5.50 per week in 2010/11. A modest increase of 20p to £5.50 (3.6%) is proposed for 2011/12.

2.6 Heating Charges

- 2.6.1 Four estates have communal heating systems with central boilers without individual meters. All other tenants pay their own heating costs direct to the supplier. Charges at the four estates increased significantly in 2007 and again in 2008 and 2009 but have still not reflected the national increases.
- 2.6.2 Energy supplier costs fell during 2007 but increased significantly during 2008 and 2009. Estimated costs for 2010/11 have been affected by changes in supplier but appear to be covered by income (depending on winter costs yet to come). Charges increased by 10% in 2009/10 and again in 2010/11. A modest further rise of 2.5% is therefore proposed to try to keep in line with costs.

2.6.3 Proposed charges:

		2010/11	2011/12
Caradoc Road, Prestatyn	IBF	6.05	6.20
Llygadog, Corwen	IBF	9.95	10.20
	2BF	10.85	11.10
	Warden	9.65	9.90
Trem y Foel, Ruthin	1BF	7.35	7.50
	2BF	8.70	8.90
	Warden	10.30	10.55
Cysgodfa, Denbigh	1BF	7.80	8.00
	2BF	9.25	9.50

2.7 **Supporting People Charges**

Details of any new charges will be included in a separate report on Social Services Fees and Charges.

2.8 **Contractor Appointments, Framework Agreement**

2.8.1 There are two significant contracts to be formally awarded as part of the ongoing housing improvement programme. The council's financial regulations require that these are approved by cabinet because of the values concerned. Both contracts are being awarded following a tendering exercise.

The two contracts are:

Lot 5 of the Housing Framework Agreement which includes sheltered properties in Rhyl, Prestatyn and Bodelwyddan is to be awarded to ADEVER who submitted the lowest tender. The tendered price is approximately £1.7m which is below the pre-tender estimate. The contract start date will be in March 2011 and the contract will run for approximately 40 weeks.

Maes Emlyn, Rhyl Roof Renewal. Five tenders were returned, the lowest being submitted by R.L. Davies. The tendered price is approximately £300k which is above the pre-tender estimate. The contract will start in March 2011 and run for 12 weeks.

Both contract prices are within the original estimates built into the HSBP.

3 **POWER TO MAKE THE DECISION.**

Housing Act 1985, Section 24.
Contract Procedure Rules 25.4

4 **RESOURCE IMPLICATIONS**

Cost Implications

The Housing Revenue Account is generally ring fenced and costs of implementation are covered by the increased income, especially rents.

Staffing/Accommodation Implications

The budget report does not require any staffing or accommodation changes.

IT Implications

None

5. RISK ASSESSMENT

5.1 Risks associated with not agreeing the recommendations

Failure to follow the Housing Stock Business Plan and to set budgets could lead to financial problems and potential intervention by WAG.

5.2 Risks associated with agreeing the recommendations

Increased rents and charges above inflation could lead to hardship for tenants but are unlikely to reduce demand for Council housing and services.

6. CHIEF FINANCIAL OFFICER STATEMENT

- 6.1 The recent review of the Housing Stock Business Plan, incorporating the latest WAG assumptions in relation to the housing subsidy, shows that it remains robust and financially viable. In the past year, the Plan has been subject to considerable external scrutiny in addition to the regular internal checks and no significant risks or concerns have been raised. The Plan should continue to be monitored closely and the impact of economic or legislative changes assessed, particularly the implications of any proposed changes to the housing subsidy system in Wales.

7. CONSULTATION CARRIED OUT

The Denbighshire Tenants' and Residents' Federation will be consulted on the capital and revenue proposals, particularly on the options for the capital programme. In the past they have expressed concern at the level of rent increases but accepted the need to follow the Business Plan and supported the continuing capital programme. Social Services and Housing Scrutiny Committee on 20th January 2011 was consulted on the main proposals; they were concerned about the then proposed increase of 7.8% in Guideline Rents and the potential loss of income in setting a lower local increase. They are being given updated information on the revised proposals from WAG and any views will be given at Cabinet.

8. IMPLICATIONS ON OTHER POLICY AREAS

8.1 Assessment of Impact on Corporate Priorities

The Housing Capital Programme will contribute to the Regeneration agenda.

8.2 Assessment of Impact on the Vision, Community Strategy, Equalities and Sustainability

Rent increases above inflation will impact on Anti-Poverty policies. The Capital Programme, especially environmental works, will contribute to Community

Development. The improvement of housing stock to meet Welsh Housing Quality Standards is in line with the Council's Vision.

8.3 Assessment of Impact on Climate Change - Mitigation and Adaptation

The improvement works will assist in reducing carbon emissions by installing more efficient windows, heating systems and loft insulation.

9. ACTION PLAN

Action	Responsibility	Date
Implement increases in rents and charges	Head of Housing Services	4 th March 2011
Monitor progress against budget and HSBP	Head of Housing Services Senior Management Accountant	Monthly report to Cabinet

10. RECOMMENDATIONS

- 10.1 That the Housing Revenue Account Budget (Appendix 1) and the Housing Stock Business Plan (Appendix 2) be adopted.
- 10.2 That rents for Council dwellings be increased in accordance with the Rent Setting Policy in Section 2.2.12 (average 4.6%) from Monday 4th April 2011.
- 10.3 That rents for Council garages be increased in accordance with Section 2.5.1 by £0.20 to £5.70 (3.6%) per week with effect from Monday 4th April 2011.
- 10.4 That heating charges be increased in accordance with Section 2.6.3 by 2.5% with effect from Monday 4th April 2011.
- 10.5 That contracts for Lot 5 of the Housing Capital Framework Agreement and for the re-roofing of Maes Emlyn, Rhyl be approved in accordance with Section 2.8.1

Appendix 1

<u>Housing Revenue Account ~ 2010/2011 Budget</u>				
<u>2009/2010</u>	<u>Period 10 - JANUARY 2011</u>	<u>2010/2011</u>		<u>2011/2012</u>
Final Outturn		Original Budget	Forecast Out-turn	Proposed Budget
£	<u>EXPENDITURE</u>	£	£	£
1,764,345	Supervision & Management - General	1,799,554	1,883,838	1,974,000
275,198	Supervision & Management - Special	282,778	281,198	296,917
146,779	Welfare Services	149,058	155,175	162,082
2,661,438	Repairs and Maintenance	2,739,136	2,711,469	2,848,800
4,847,760	Total Housing Management	4,970,526	5,031,680	5,281,799
2,212,562	Item 8 Capital Charges	2,452,038	2,410,650	2,613,693
0	Rent Rebate Subsidy Limitation	91,000	75,000	0
0	CERA	0	0	1,340,936
3,044,175	Subsidy	2,986,027	3,016,493	3,062,807
-7,081	Provision for Bad Debts	26,750	25,750	27,847
10,097,417	Total Expenditure	10,526,341	10,559,573	12,327,082
	<u>INCOME</u>			
10,474,398	Rents (net of voids)	10,644,755	10,688,789	11,138,643
139,940	Garages	153,342	150,555	153,340
4,924	Interest on Balances & Other Income	34,886	11,105	9,876
10,619,262	Total Income	10,832,983	10,850,449	11,301,859
	Surplus / Deficit (-) for the Year:			
521,845	General Balances	306,642	290,876	-1,025,223
1,021,686	Balance as at start of year ~ General	1,543,531	1,543,531	1,834,407
1,543,531	Balance as at end of year ~ General	1,850,173	1,834,407	809,184

Housing Stock Business Plan Extract

SUMMARY	0	1	2	3	4	5
	2010.11	2011.12	2012.13	2013.14	2014.15	2015.16
CAPITAL EXPENDITURE						
Planned Improvements	£4,551,000	£4,711,000	£4,852,330	£4,997,900	£5,147,837	£5,302,272
Slippage (Previous Years)	£2,248,239	£1,258,000				
	<u>£6,799,239</u>	<u>£5,969,000</u>	<u>£4,852,330</u>	<u>£4,997,900</u>	<u>£5,147,837</u>	<u>£5,302,272</u>
CAPITAL FUNDING						
Major Repairs Allowance	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£2,400,000	£2,400,000
Usable Capital Receipts	£66,000	£16,250	£16,859	£17,486	£18,132	£18,797
CERA	£0	£1,340,936	£346,648	£712,667	£668,309	£862,990
Prudential Borrowing	£4,333,239	£2,211,814	£2,088,823	£1,867,747	£2,061,396	£2,020,485
	<u>£6,799,239</u>	<u>£5,969,000</u>	<u>£4,852,330</u>	<u>£4,997,900</u>	<u>£5,147,837</u>	<u>£5,302,272</u>
REVENUE EXPENDITURE						
Management ~ General	£1,883,838	£1,974,000	£2,023,350	£2,073,934	£2,125,782	£2,178,927
Special & Welfare Costs	£436,373	£459,000	£470,475	£482,237	£494,293	£506,650
Repairs & Maintenance	£2,711,469	£2,848,800	£2,920,020	£2,993,021	£3,067,846	£3,144,542
HRA Subsidy Payment	£3,016,493	£3,062,807	£3,124,063	£3,186,545	£3,250,275	£3,315,281
Rent Rebate Subsidy Limitation	£75,000	£0	£0	£0	£0	£0
CERA	£0	£1,340,936	£346,648	£712,667	£668,309	£862,990
Provision for Bad Debts	£25,750	£27,847	£28,952	£30,680	£31,297	£32,539
Capital Financing Costs	£2,410,650	£2,613,693	£2,779,968	£2,913,629	£3,029,875	£3,154,614
	<u>£10,559,573</u>	<u>£12,327,082</u>	<u>£11,693,477</u>	<u>£12,392,712</u>	<u>£12,667,677</u>	<u>£13,195,543</u>
REVENUE INCOME						
Rental Income	£10,688,789	£11,138,643	£11,580,845	£12,272,151	£12,518,608	£13,015,592
Garage Income	£150,555	£153,340	£157,174	£161,103	£165,130	£169,259
Interest on Balances	£11,105	£9,876	£12,472	£22,162	£23,423	£24,076
	<u>£10,850,449</u>	<u>£11,301,859</u>	<u>£11,750,490</u>	<u>£12,455,416</u>	<u>£12,707,162</u>	<u>£13,208,926</u>
BALANCES						
Balance brought forward	£1,543,531	£1,834,407	£809,183	£866,197	£928,900	£968,385
Surplus / Deficit (-) For Year	£290,876	-£1,025,224	£57,014	£62,704	£39,485	£13,384
Balance carried forward	<u>£1,834,407</u>	<u>£809,183</u>	<u>£866,197</u>	<u>£928,900</u>	<u>£968,385</u>	<u>£981,769</u>
MISCELLANEOUS						
Average Stock Numbers	3,467	3,465	3,464	3,463	3,462	3,461
Actual Rent	£59.90	£62.77	£65.28	£67.89	£70.61	£73.43
Benchmark Rent	£65.52	£69.08	£71.15	£73.29	£75.49	£77.75
Year End Outstanding Debt	£25,340,339	£26,247,160	£26,921,614	£27,271,686	£27,723,076	£28,031,462

REPORT TO CABINET

CABINET MEMBER: COUNCILLOR M M JONES
Lead Member for Welsh Language, Children, Young People and Leisure

LEAD OFFICER: Leighton Rees - Head of Children and Family Services

DATE: 15th February 2011

SUBJECT: Extension of Action for Children contracts for the delivery of Parenting Skills Programme and Young Carers Services

1 DECISION SOUGHT

That Cabinet approves the extension of the Parenting Skills Programme contract with the organisation Action for Children to cover the period May 2011 to 31 March 2012.

That Cabinet approves the extension of the Young Carers Project contract with the organisation Action for Children to cover the period April 2011 to 31 March 2012.

2 REASON FOR SEEKING DECISION

Parenting Programme

- 2.1 For the period of 1 May 2008 to 30 April 2009 Denbighshire Children and Family Service commissioned Action for Children to develop and deliver bespoke parenting skills provision that meet the needs of families in Denbighshire. The purpose of the provision is to help improve and develop the parenting skills of families through individual and group/family learning support and encouragement to help nurture children's development thereby ensuring the welfare and well being of children in Denbighshire.
- 2.2 At the end of this period the contract was extended for 2 years within the contractual agreement made. At the 30th April 2011 there will be no contractual agreement to further extend this service without the agreement of elected members.
- 2.3 In normal circumstances, a tendering exercise would be undertaken in order to award a further contract, however, during the recent Service Efficiency Review process the surrender of the contract has been identified for 2012/13 with a full review of parenting provision planned with the possible intention to deliver future parenting provision internally and/or in a more integrated model with other statutory partner agencies. In addition Action for Children receives Cymorth funding and during 2011/12 there will be a requirement to review the commissioning and funding priorities across the partner agencies in accordance

with the forthcoming 'Big Plan' and the transition from Cymorth to Families First. This review could have an impact on the level of resources provided to Action for Children and subsequently on their position to provide the level and range of services previously provided along with funding their running costs (staff, buildings etc) which are in effect the infrastructure for the delivery of such services.

In addition, Denbighshire is currently involved in the Families First pioneer initiative (as part of a 3 county consortium with Wrexham and Flintshire) that is aimed at improving the delivery of services to children and families living in poverty. The initiative is aimed at those families within Rhyl and Upper Denbigh who do not reach the threshold for social services intervention but who need support to prevent problems within the family escalating in the future. As part of the work to be undertaken through the pioneer there will be a need to conduct a review of existing parenting provision and future service needs. It is expected that the successful implementation of the Families First initiative will evidence the value of an integrated preventative team approach and should illustrate how mainstream resources across education, health and social services could be used more effectively. Longer-term, it should reduce the number of families in crisis, thus impacting on the number of families receiving statutory services.

In order to maintain continuity for service users and provide opportunity to review and restructure the delivery of parenting support provision for children and families, and align service commissioning priorities with those of the Big Plan and the Families First initiative it is recommended that the existing contract be extended for a further 12 months. The total cost of this contract from commencement in May 2008 until the end of the proposed extension period will be £326,432.

Young Carers Service

- 2.4 For the period of 1st April 2008 to 31 March 2011 Denbighshire Children and Family Service have commissioned Action for Children to deliver a Young Carers Service that promotes the awareness of the rights and needs of young carers and provides them with direct support. At the 31st March 2011 there will be no contractual agreement to further extend this service without the agreement of elected members.
- 2.5 In normal circumstances, a tendering exercise would be undertaken in order to award a further contract, however the current funding arrangements for this provision are uncertain as the service is currently funded through a combination of the Children and Family Services budget, an identified voluntary organisations grant within the Children and Family Service budget and Cymorth funding. During the recent Service Efficiency Review process the termination of the voluntary organisation grant has been identified for 2012/13 and alongside the current review and reconfiguration of Cymorth funding it is uncertain as to whether the existing level of resources for this service will be available in the future.
- 2.6 In addition to funding there have also been further developments in the delivery of services to young carers which include the development and implementation of a Denbighshire wide multi-agency Young Carers Strategy (2010) that has identified a number of priorities and service developments for 2010-2013 which will require agencies in Denbighshire to re-evaluate the needs and services that are needed

to meet the needs of young carers. The implementation of the Young Carers Strategy along with the priorities of the forthcoming 'Big Plan' will inevitably determine the potential level of funding via the reconfigured Cymorth funding. It is also important to note that through the development of the Young Carers Strategy there has been increased contact with Conwy County Borough Council who also commission a Young Carers Service from Action for Children and who are looking at adopting a number of the priorities featured in the Denbighshire Young Carers Strategy. Extending the existing contract would provide time to explore opportunities for joint commissioning of a Young Carers service in the future.

In order to maintain continuity for service users and provide opportunity to review the provision of young carers services and align service commissioning priorities with those of the 'Big Plan', it is recommended that the existing contract be extended for a further 12 months. The total value of this contract from commencement in April 2008 to the end of the proposed extension period will be £162,712.

3 POWER TO MAKE THE DECISION

Section 111 of the Local Government Act (1972);
Financial Regulation 30 (Contract Procedure Rules); CPR 31.1

4 RESOURCE IMPLICATIONS

4.1 Cost Implications:

There would be no additional costs associated with implementing the proposals set out above.

4.2 Staffing / Accommodation Implications:

There are no staffing/accommodation implications.

4.3 IT Implications:

There are no identified IT implications

5 RISK ASSESSMENT

5.1 Risks associated with not agreeing the recommendation/s

Possible reduced engagement and effectiveness of working with service users as they will need to develop and establish new relationships with new service providers.

5.2 Risks associated with agreeing the recommendation/s

Small risk of challenge from a potential provider(s) expecting the service to be tendered.

6 CHIEF FINANCIAL OFFICER STATEMENT

The extensions proposed comply with Financial Regulations. The extension of the contracts allows for a review of service provision that was proposed during the recent service challenge process

7 CONSULTATION CARRIED OUT

Consultation has taken place with senior officers within the Children and Family Service in developing the service efficiency plan and identifying long term commissioning priorities.

Consultation with the Council's Partnership and Communities team in identifying future Cymorth funding structures and priorities

Consultation with existing providers in relation to future commissioning intentions.

Consultation with the Rhyl Area Elected Members Group.

8 IMPLICATIONS

8.1 Assessment of Impact on Corporate Priorities:

Supports Denbighshire County Council's five improvement objectives for 2010-11 specifically:

- Improving the way the Council works;
- Adapting service delivery to address demographic changes

8.2 Assessment of impact on the Vision, Community Strategy, Equalities and Sustainability:

Supports Denbighshire's vision and addresses priorities identified in the forthcoming Big Plan (the revised Community Strategy for 2011-2014 that will incorporate the Health, Social Care and Well-being Strategy; Children and Young People's Plan and the Community Safety Plan)

8.3 Assessment of Impact on Climate Change - Mitigation and Adaptation

None directly

8.4 Assessment of Impact on NERC Act Biodiversity Duty:

None directly

9 ACTION PLAN

ACTION	RESPONSIBLE OFFICER / DATE BY WHEN ACTION TO BE COMPLETED	ACTION TO BE REVIEWED & MONITORED BY / DATE TO BE MONITORED
Extend existing contracts for further 12 months	Children and Family Service Strategic Services Manager	April 2011
Review existing provision and identify future service provision required	Children and Family Service Strategic Services Manager (in conjunction with Conwy, Denbighshire Partnership and Communities team and Denbighshire Young Carers Strategy Group)	February 2011- October 2011
Tender and commission new Young Carers Service	Children and Family Service Strategic Services Manager	November 2011 – February 2012
Terminate extended contracts	Children and Family Service Strategic Services Manager	March 2012
Establish parenting services within Children and Family Services	Children and Family Service Operational Services Manager	March/April 2012

10 RECOMMENDATIONS

That Cabinet approves the extension of the Parenting Skills Programme contract with the organisation Action for Children to cover the period May 2011 to 31 March 2012.

That Cabinet approves the extension of the Young Carers Project contract with the organisation Action for Children to cover the period April 2011 to 31 March 2012

AGENDA ITEM NO: 9**CABINET: FORWARD WORK PROGRAMME**

29 MARCH 2011 - MEETING TO COMMENCE AT 9.00 A.M.	
Revenue Budget Monitoring Report 2010 -2011	Councillor J Thompson Hill P McGrady
Routine Report on Personnel to include Sickness Management	Councillor P J Marfleet L Atkin / G Humphreys
Scala Cinema and Arts Centre, Prestatyn: Updated 3 year business plan and annual report to be presented annually to Cabinet as per Clause 8.2.2 of the Loan Agreement	Councillor P A Dobb P McGrady / Gareth Williams
Delivering the Corporate Plan – Year 3	Councillor H H Evans A Smith / T Ward
Approval to appoint a contractor for the Foryd Harbour Walking and Cycling Bridge	Councillor S Frobisher Bob Humphreys
Regional Educational Project	Councillor E W Williams H Williams
Monitoring Performance against the Corporate Plan	Councillor H H Evans A Smith / T Ward
Procurement of mental health services to support those who are economically inactive or unemployed into employment / education / training	Councillor P A Dobb Gwynfor Griffiths / Carina Edwards, New Work Connections Local Manager
Recommendations from Scrutiny Committees	Scrutiny Officers
26 APRIL 2011	
Revenue Budget Monitoring Report 2010 -2011	Councillor J Thompson Hill P McGrady
Capital Plan 2010-2011	Councillor J Thompson Hill P McGrady
Award of Contract for Provision of Insurance Policies for DCC	Councillor J Thompson Hill Chris Jones
West Rhyl Housing Regeneration Strategy – Implementation and Delivery Plan	Councillors S Frobisher and D A J Thomas G Boase / Gareth Roberts
Selection of Preferred Bidder - N E Wales Regional Food Waste Treatment Project	Councillor S Frobisher S Parker / J Espley
Strategy for Area / Town Plans – seeks agreement to the strategy which will lead to development of the plans -	Councillor H H Evans G Boase
Strategic Youth Justice Plan and Inspection Report	Councillors S Frobisher and M M Jones Emma Rathbone
Integration of Parking Services Teams CCBC and DCC	Councillor S Frobisher S Davies / Mike Graham
To declare Pen y Maes Farm, Brookhouse, Denbigh surplus to requirements	Councillor P J Marfleet D Mathews
Recommendations from Scrutiny Committees	Scrutiny Officers
24 MAY 2011	
Revenue Budget Monitoring Report 2011 -2012	Councillor J Thompson Hill P McGrady

Destination Management - Tourism Partnership North Wales have offered to work with the Council to undertake an audit of the experience which a visitor gets when they come to the County and this item will provide an opportunity for Cabinet to receive the results of the audit and consider actions which need to be taken to improve the experience	Councillor D A J Thomas G Boase / M Dixon
Recommendations from Scrutiny Committees	Scrutiny Officers
JUNE 2011	
Revenue Budget Monitoring Report 2011 -2012	Councillor J Thompson Hill P McGrady
Final Accounts 2010-2011	
Annual Council Reporting Framework (ACRF) – The Statutory Director of Social Services will be responsible for publishing an annual report setting out her assessment of the effectiveness of social care services and priority areas for improvement in the year ahead	Councillors P A Dobb / M M Jones S Ellis / C O’Gorman
Routine Report on Personnel to include Sickness Management	Councillor P J Marfleet L Atkin / G Humphreys
Recommendations from Scrutiny Committees	Scrutiny Officers
JULY 2011	
Revenue Budget Monitoring Report 2011 -2012	Councillor J Thompson Hill P McGrady
Recommendations from Scrutiny Committees	Scrutiny Officers
SEPTEMBER 2011	
Revenue Budget Monitoring Report 2011 -2012	Councillor J Thompson Hill P McGrady
Treasury Management Update	Councillor J Thompson Hill P McGrady
DCC Annual Report 2010-2011	Councillor H H Evans A Smith / T Ward
Recommendations from Scrutiny Committees	Scrutiny Officers