

CABINET

Minutes of the Cabinet meeting held at 10.00 a.m. on Tuesday 26 July 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, G C Evans C Hughes, H LI Jones, D I Smith and C H Williams.

ALSO PRESENT

Chief Executive; Corporate Directors: Learning & Communities; Demographics, Wellbeing & Planning and Business Transformation & Regeneration; Acting Head of Corporate Governance and the Acting Head of Finance and Assets.

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.

***RESOLVED** that Cabinet note there were no declaration of interests.*

3 URGENT MATTERS

There were no Urgent Matters.

4 MINUTES OF THE CABINET MEETING 21.06.2011

The Minutes of the Cabinet meeting held on 21 June 2011 were submitted.

***RESOLVED** that the Minutes of the meeting held on 21 June 2011 be approved as a correct record and signed by the Leader.*

5 PROPOSED INFANT AND JUNIOR AMALGAMATION OF YSGOL GWAENYNOG AND YSGOL HEULFRE, DENBIGH

Councillor E W Williams presented the report seeking agreement to the publication of the required statutory notice following the formal consultation held between 9 May and the 24 June 2011, namely to close Ysgol Gwaenynog and Ysgol Heulfre on 31 August 2012 and to establish a new all-through primary school on the existing Ysgol Gwaenynog and Ysgol Heulfre sites from 1 September 2012. He thanked the team for their thorough work on the proposals.

Responding to Councillor H H Evans' query on the Margaret Morris Centre, Councillor Williams said that the Centre would remain on the site. The Authority was looking for a permanent integrated site if external funding became available in the future as so many used the integrated services.

RESOLVED that Cabinet approves the publication of the required statutory notice, namely to close Ysgol Gwaenynog and Ysgol Heulfre on 31 August 2012 and to establish a new all-through primary school on the existing Ysgol Gwaenynog and Ysgol Heulfre sites from 1 September 2012.

6 MONITORING PERFORMANCE AGAINST THE CORPORATE PLAN

Councillor H H Evans presented the report for Members to consider performance against the Corporate Plan 2009-12 as detailed in the attached performance report for the fourth quarter of 2010-11 for the 2012 Indicators and each of the council's five Improvement Objectives.

The previous quarterly performance report highlighted a risk that fewer of the 2012 indicators would be in the top half of Welsh Authorities in 2010-11 compared to 2009-10. However, the data now painted a more positive picture where Denbighshire looked likely to maintain its position from 2009-10 with 75% of the 2012 indicators in the top two quartiles and 65% in the top quartile. This was a positive development and showed our commitment to be a high performing Council.

Councillor Evans highlighted paragraph 4.5 of the report (page 2 of 9) where predictions indicated concerns around 5 indicators and the Lead Member or Corporate Director had been asked to provide an update. It was noted that the Council must publish an annual performance report by 31 October 2011, and more context would be needed in that document to explain any indicators that did not make the top two quartiles in Wales.

The improvement objectives were also showing a progressive trend. Councillor Evans felt very satisfied that the report showed that the Authority fully understood the Council's performance and the reasons why we appeared to be under-performing in isolated areas were also understood. The action plan on page 9 of 9 mainly addressed minor issues in relation to target setting, and then only because Denbighshire had achieved beyond its original expectation in the first 2 years of the Corporate Plan. There were no

surprises in the report, which demonstrated that the Authority's systems and processes were working well.

Turning to Ffynnon, one of the 6 recommendations in the Corporate Governance report in November 2008 specifically related to deficiencies in the performance management process. However, Denbighshire had come a long way since then and Ffynnon had helped to understand performance against the Corporate Plan. This was being rolled out to all Service Plans for 2011-2012. Councillor Evans hoped that all Members, be they Cabinet or Scrutiny Members, would work closely with the Corporate Improvement Team to fully understand how Ffynnon worked for the continued improvement of the Authority.

The Corporate Improvement Manager informed Members that training on Ffynnon was being provided for Performance Scrutiny Members and this would be followed by training for the other 2 Scrutiny Committees and Cabinet.

Caution was urged by Councillor E W Williams in relation to the use of data. He referred in particular to the numbers of pupils recorded where it could give a false picture if there was a turnover of perhaps 20-30% in some schools within a year or where 2 children came to a small Welsh medium school, both of which could distort the figures enormously.

The Corporate Director: Learning and Communities referred to NEETs (Not in Education, Employment or Training) and said these young people needed to be identified as early as possible in order for them to get a suite of qualifications. Education was also proactive with looked after children although there would always be some who would slip through. Councillor Williams informed Members that the First Minister was launching an initiative for 14-19 year olds which Denbighshire would need to support. Councillor M M Jones discussed the small number of children who moved from one school to another or whose date of birth affected figures and said the Authority would have no control over these issues. The Corporate Director: Demographics, Wellbeing & Planning said that although most school moves were for positive reasons it did have an effect on figures and this was the same in most Authorities. Regarding SCC033b 'the % of young people formerly looked after with whom the Authority is in contact, who are known to be in suitable, non-emergency accommodation at the age of 19' referred to one young person in prison which had a great impact on the figures. The Head of Childrens' Services said data collected did not show either a positive or a negative but Denbighshire did well on this indicator as it involved 1 or 2 children in a looked after population of 100 children of school age. Indicators were useful but there was a risk of reading too much into the information. Most moves were for good reasons.

Reducing deprivation and growing Denbighshire's economy sustainably by strategically targeting resources was referred to by Councillor P A Dobb and she said it was hoped that further work would be carried out on these 2 issues. Councillor D A J Thomas reminded colleagues in the Regeneration Department had been through a reorganisation and now officers had been tasked to address these issues. Councillor

Thomas also referred to the new very complex licensing scheme and said an advisory group had been appointed to look into the scheme. The affordable housing targets had been exceeded but some developers were finding it hard to deliver on this part of the planning applications due to the current financial markets.

The Corporate Improvement Manager, referring to the Annual Report 2010-2011, said by the time that information was available the Authority would know which indicators were not in the top half and it would be possible to provide more context into that report. He agreed to take comments made by the Head of Childrens' Services on board.

Councillor D I Smith referred to indicator EDU002i where children were leaving compulsory education without an approved external qualification. He felt it essential that all children leaving school had some form of qualification and a detailed plan was required of how schools would tackle the issue. The results of the £1.2m funding would be shown in the current year's figures and Performance Scrutiny Committee would be considering the issue in September 2011. Councillor E W Williams said this had been discussed at the tender opening and schools would be bidding for a scheme for individual children who were not in the usual qualification stream. The process was in place and Education was constantly looking at individual aspects in schools. All schools should be made to participate in this. The Corporate Director: Learning and Communities said the plan was in place and it was hoped that there would be improvements to the indicator. Key Stage 4 results would be published in August. Councillor S Frobisher referred to EDU05a (the percentage of final statements of SEN issued within 26 weeks) and asked whether 26 weeks was the norm in all Authorities. The Corporate Director: Learning and Communities said this was a national indicator but Denbighshire had many statements completed in a shorter timespan and agreed to provide Councillor Frobisher with a breakdown of the figures.

RESOLVED that Cabinet consider the current likelihood of achieving the outcomes detailed in our Corporate Plan and follow up performance related issues with the appropriate Head of Service where specific concerns are raised, or where improvement could prove difficult. Cabinet approves the proposed Action Plan to address issues identified within the report.

7 CORPORATE COMMUNICATIONS STRATEGY 2011-2012

Councillor H H Evans presented the report as most of the actions included in the previous strategy, adopted by Cabinet in June 2009, had been concluded or were ongoing and this was a timely opportunity to revisit the communications strategy, in light of emerging issues facing the Authority. One of the Council's key strategic aims was to bring the Council closer to the community. Communication with residents, staff, each other and partners had never been more important and was something the Authority had to take seriously.

In times of massive challenges, difficult decisions and different ways of doing things, it was essential that the Council's intentions were clear and well understood. Councillor Evans saw this as an evolving Strategy and it would be reviewed every 12 months.

This was important as there were and always would be changing requirements for communication. There were key challenges for him in the Strategy – he would support the work that the Corporate Director: Learning and Communities was doing on Bringing the Council Closer to the Community and felt it was vital for services to communicate more effectively with Members on Ward issues. He also felt there needed to be clearer and better communication with key stakeholders e.g. schools, town and community councils, voluntary sector, private sector and external partners. Communication was key to improving and managing the Council's reputation, the marketing of good news and managing the bad. If communication was right, everybody should benefit.

The Corporate Communications Manager outlined the successes of the previous Strategy. The new Strategy would be overarching to ensure everyone was kept fully informed on the Council's work. Clear messages on the Council's finances would be provided for residents and he agreed there was a need to market the Council's services effectively. More work was being carried out on collaboration and Denbighshire was leading the North Wales Support Services' communication. ICT would be used for communication and it was important that staff worked in a smarter manner. The Communications Team looked forward to doing their work with enthusiasm and commitment.

Councillor P J Marfleet said the Authority was better at communicating. He said that over the last 12 months many different tablets and iPads had been brought onto the market that did not need broadband and many people were now using these for communication. It was important that Denbighshire used as many ways of communication as possible. He asked whether there were any hit counters on the social media used. E-mail contact with officers was essential and he asked about the outgoing e-mail figures. Referring to items sent to his home, he said at least 25% were addressed to Clwyd rather than Denbighshire and this also happened with computer addresses used by various companies. He felt strongly that this should be addressed. The Corporate Communications Manager said he was working closely with ICT on their strategy to use electronic communication and the residents' survey asked for information on broadband availability, twitter use etc. Councillor H LI Jones informed Members that it was the Royal Mail who set addresses and not the Post Office and that post codes had been in existence since 1959.

It was felt important by Councillor P A Dobb that the Authority reached the hard to reach. There was a huge population with low reading skills and she suggested that short snappy messages and pictures should be used. She also suggested that buses and lorries could carry information about the County and it was a platform the Authority could use to great advantage for example to advertise that we had European standard beaches, or that the refuse wagons could advertise that Denbighshire was the best Authority in Wales for recycling. Although Denbighshire had the means to do this it would need resourcing. Perhaps the use of short snappy adverts in buses could be aimed at young people. It was important to encourage people to feel good about paying their Council Tax, some of which was used to help a young child have a better life. The Corporate Communications Manager agreed with Councillor Dobb's comments and suggestions but pointed out that adverts on buses were expensive. Councillor Marfleet

suggested that advertising should be included in tenders for bus routes. Councillor S Frobisher reminded Members that children had designed the posters currently used on the refuse wagons. The Corporate Communications Manager agreed to cost out some of Councillor Dobb's suggestions.

The Strategy was welcomed by Councillor D I Smith and he agreed the importance that Denbighshire communicated with more people. It was also important to communicate with those outside the County, for example in the borderlands. He referred to 'ongoing' in the Action Plan and said this should not be used as it was not measurable and some Actions did not have an outcome. He suggested 'by when' should be used. However, Councillor H H Evans said some issues would always be 'ongoing'. Councillor Smith suggested 'by when' should be used, followed by a date when the issue would be reviewed. The Corporate Communications Manager agreed to add 'review in 12 months' where appropriate in the Action Plan.

The Chief Executive referred to the Council's reputation and said there were 2 elements to this – good marketing and good sound performance. The County should focus on good performance then market it to the public. Communication between Members and officers was a 2 way process and this needed to be strengthened and training provided as necessary. There was a need to be proactive in anticipating what might go wrong and it was essential the people involved were informed at an early stage. He agreed that visible images of what was good about living in Denbighshire should be used, for example on pool cars.

Councillor E W Williams said there were many Members who were supportive of the Authority but there were a few who were not. This would need to be overcome.

RESOLVED that Cabinet approves the report and the revised Strategy and Action Plan.

8 SAFEGUARDING CHILDREN IN DENBIGHSHIRE

Councillor M M Jones presented the report informing Cabinet that the Director of Social Services was required to report to Members regularly on the operation, monitoring and improvement of child protection and safeguarding systems. The report set out the Council's priorities, progress during the year and how well placed the Council was to maintain and improve safeguarding services and outcomes for children and families at a time when all agencies were looking to achieve service efficiencies.

Improving the quality of services 'at the front door' had been reviewed and reconfigured to produce a more robust duty and assessment system better able to manage and respond to referrals and contacts coming into the department. The Quality Assurance Framework document helped support workers to maintain a good standard of service. The service was also tackling staff absence issues. Early intervention and prevention means were being developed which should impact significantly on the number of families who needed statutory services. Numbers of children on the Child Protection Register were comparable with Wrexham but higher than Flintshire and Conwy. Childrens' Services had robust systems in place. However, training in safeguarding for

all Councillors had not been achieved. A child had only one chance in life and the Authority had to help them. She thanked the team for all their hard work.

The Head of Childrens' Services said there was much to be proud of in Denbighshire and that some steps in the early intervention processes would take the Council to another level. A significant number of families had difficulties and the Families First mapping exercise on vulnerable families would help ensure those families who were in need were reached at an early stage.

Councillor P A Dobb referred to the Service's relationship on referrals with the Police. The Head of Childrens' Services said some issues were passed on for information and did not necessarily need to be acted upon. This allowed a better understanding of an issue which could be at risk of developing further. More intelligence was better than less. The Corporate Director: Demographics, Wellbeing & Planning said Denbighshire was dealing with information in an improved way and the number of referrals had reduced. This was partly due to various information sharing systems (e.g. the regulat multi-agency triage panels) and dealing with issues in different ways.

Responding to a query from Councillor G C Evans, the Head of Childrens' Services said that there was a formal recording system for those on the Child Protection Register. All schools had systems in place to deal with child protection issues. There was a quality assurance system in Education as well as in Childrens' Social Care. The Corporate Director: Learning and Communities said information on a child entering a Denbighshire school from another Authority had to be provided within a statutory deadline of 14 days.

RESOLVED that Members comment on any issues contained with the report and that the impact of the new structure and sickness absence rates in Children's Services are specifically considered as part of Service Challenge and Scrutiny processes to provide the Council with assurance relating to safeguarding work. It was also agreed that safeguarding training for Elected Members becomes mandatory for the new 2012 Council.

At this juncture (11.20 a.m.) the meeting adjourned for 10 minutes to allow Members to participate in refreshments.

9 PEOPLE AND PLACES BOARD WORK PROGRAMME

Councillor P A Dobb presented the report seeking Members' agreement to the workstreams, outcomes/indicators and priority projects for the Demographic Change Programme and to note the Board's views on their role in governance of the Rhyl Regeneration programme.

The People and Places Board had been established in 2010 to tackle the key strategic challenges to the wellbeing and economic circumstances of the County's population and to build the relationships between the Council and its communities. This was an incredibly interesting and very meaty Board – it really tried to get to the heart of the workstreams and evaluate how changes could be made to services or how they could

be improved efficiently, in many instances through coordination across Directorates or totally redesigning. The older age demographic was getting larger, and alarmingly so. The over 65s were expected to increase to 32% of the population within 20 years. Denbighshire certainly could not afford to cater its present service structure to an extra 10% of residents with fewer resources. The Council had to change and modernise care services as soon as possible.

Projections for the young adult demographic did not give joy either – it would be fortunate if it remained static and our younger generation were needed to provide the necessary services. The other important factor with the younger generation was that the largest proportion tended to live in the north and rural areas were becoming depleted. How could they be moved – transportation would be more costly, could more affordable homes be built in rural areas, could schools accommodate more – all questions to be answered. The Board challenged the status quo and would work through the 4 workstreams outlined.

Modernising care services would require more focus on preventing deterioration and dependency and support for a person's recovery. Providing effective response services and short term assistance in people's own home had to be considered as would finding ways to provide more extra care housing in our larger communities. Appendix 1 to the report outlined the proposed new indicators to measure outcomes.

The second workstream, 'communities and wellbeing' was considering ways of keeping people enjoying life and living independently in their own homes, people living into their 90s without falls or fractures. This was not just a social services issue, but a cross directorate issue, for example with leisure services providing more activities for the mind and body, with highways providing more dropped kerbs and fewer potholes, with refuse collectors providing more help at the kerbside. Town and community councils could provide more social events, more help in adverse weather conditions and the voluntary sector could help with befriending and care and repair. Communities could be built into havens, places where people felt secure and content. Proposed indicators were outlined in the Appendix and included, for example, friendship schemes, life cafes and rural development plan initiatives.

The workforce was the third workstream. Council employees were getting older and the Council should do everything possible to bring young people into its employ. Reskilling employees who wished to continue working into their late 60s should be considered as should redesign of services. The pre-retirement programme was long overdue for a revamp and a much more holistic approach to a person's preparation for the third age was required.

The fourth workstream looked at achieving a more balanced population – was it really possible to manipulate who lived in the County, and if so, at what cost. The Board concluded that it was very difficult to make highly significant changes and it would be better to focus on potential opportunities in terms of attracting younger people and providing more for young families to be attracted to come and live here. It was important to have a good mix of wealth in order to provide economic activity and

community cohesion. It was agreed that to achieve success the Council needed to work with all its partners through the Local Service Board and other avenues. There was a need to provide more affordable housing and good quality jobs. Young people should be encouraged to stay in the County after college or university and it was with this in mind that the Council had created internships this summer to give people a taster of working in the Council. Again, this was not just a social services agenda and much more cross directorate working was required – lifelong learning, housing, human resources, corporate all had strategies which would have to interlink the opportunities for actions to address these needs.

Some consultation with the public had just started, asking them what they thought they needed in their communities and the results would be presented to the Board. The Board members had participated in a risk management workshop aimed at identifying a set of global drivers which along with demographic change could have a significant impact on developments i.e. fuel costs, food security and climate change. Some of these had been reflected in papers analysed and further work would include sustainability of communities. To date the Board projects had operated on a shoestring but it would be necessary to provide some funding shortly in order to have greater impact.

The regeneration of Rhyl was also part of the Board's remit. To date, 50% of the Board's time had been given to getting to know problems and potential solutions. However, the People and Places Board felt that they had limited impact so far as the regeneration programme underwent intensive review. However, Area Members from across the Council were now part of the People and Places Board and this gave all Members the opportunity to be aware of potential developments and use the Board as a forum to comment or be knowledgeable about projects that may require match funding e.g. Rhyl High School or had impact beyond Rhyl.

Councillor Dobb thanked all Board Members for their hard work and perseverance through long meetings.

Councillor H H Evans thanked Councillor Dobb for an excellent update. Rhyl was one of the Council's priorities and he queried how the Rhyl Regeneration Strategy was being linked to the Board's work. The Corporate Director: Demographics, Wellbeing & Planning said there was a 50:50 balance for the Board's work. In terms of demographic change the programme was about the whole of the County and not just Rhyl. Work had been carried out on the population profile – in Rhyl there was a high proportion of younger people whilst there was a higher proportion of older people elsewhere in the County. The two agendas were linked but the links needed to be more strongly developed (e.g. creating employment opportunities for young people).

Councillor Dobb suggested that officers in Economic Development should be pressed to provide help with social enterprises and to help create employment opportunities in rural areas. Responding to Councillor H H Evans' query on cross Directorate working, Councillor Dobb said Lifelong Learning regularly participated whilst there was

occasional participation by other Heads of Service. The Head of Planning and Public Protection was a member of the Board also.

It was suggested by Councillor E W Williams that Cadwyn Clwyd attend the Board to provide information on the various enterprise schemes available for regeneration.

Councillor D A J Thomas discussed the work being done by the Rhyl Going Forward Programme Manager and said some of the work would be realigned. There was room for change and a need to work together. Rhyl West and Rhyl South West were 1st and 3rd in the Welsh deprivation index although there were also areas of poverty in rural areas. The Corporate Director: Business Transformation and Regeneration said the Rhyl Going Forward Delivery Plan would be presented to Cabinet in September and this would discuss the governance structure to achieve what we need for Rhyl and to ensure Members were supportive of the work. Governance would be required on a partnership basis and also with the Welsh Government. These arrangements would complement the People and Places Board role as set out in the report. Councillor Dobb felt that this could mean the Board needed to devote less time to Rhyl Regeneration.

The Chief Executive said the Council was engaged with the People and Places Board and it was essential for all partners to be involved in taking Rhyl forward. Rhyl should be on the Board's agenda but not for 50% of the time. Good work had been done by the Board but it was now time to take a broader look at people and places with regeneration being only one aspect. Councillor H H Evans felt the Board's work would have a huge impact on the next Council.

Councillor D A J Thomas supported the Chief Executive's comments and said membership of the Board was increasing. Some of the projects would have a big impact on demographic change. It was important to streamline the governance process relating to Rhyl Regeneration, with due diligence, on where information needs to go.

Education in Rhyl was paramount to the success of the area and Councillor E W Williams suggested pressure should be put on the Education Minister regarding the 21st Century Schools funding and bids for a new schools. The support of local Members and the AMs was necessary to ensure a strong platform for educational facilities in Rhyl.

As a Board member, Councillor D I Smith felt its work was a challenge to ensure the whole County was treated in an equitable manner. The time spent discussing issues in Rhyl had been needed and he felt that after walking around some areas in Rhyl he had a better perspective. He suggested the new Councillors should visit Rhyl and its regeneration area to better understand the area. He was also pleased that there was now Area Member Group representation on the Board which was good for the whole County. Councillor D A J Thomas reminded Councillor Smith that Economic Development had the previous year arranged tours for Members in both the north and south of the County and only 4 and 3 Members respectively had accepted. The department also send out newsletters and few responses are received.

RESOLVED that Cabinet agree the workstreams, outcomes/indicators and priority projects for the Demographic Change Programme and note the Board's views on their role in governance of the Rhyl Regeneration programme.

10 ANNUAL COUNCIL REPORT: SOCIAL SERVICES 2010 – 2011

The Corporate Director: Demographics, Wellbeing and Planning presented the report as every Director of Social Services in Wales was required to produce an Annual Report which summarised their view of the effectiveness of the Authority's social care services and priorities for improvement. The Director's Annual Report for 2010-2011 was attached at Appendix 1. The Report was intended to reflect an honest picture of services in Denbighshire and demonstrate a clear understanding of the strengths and challenges faced. A separate report had been presented to Cabinet providing detailed information on Safeguarding Children which continued to be a significant area for the Authority and one that continued to pose challenges. She thanked the Service Manager: Quality and System Development for his work on the Report.

The Report would form an integral part of the Care and Social Services Inspectorate Wales (CSSIW) performance evaluation of Denbighshire Social Services and subsequent inspection and review programme which included a planned inspection of adult social care in the latter part of 2011/12. The evaluation also informed the Wales Audit Office's assessment of Denbighshire County Council as part of the Annual Improvement Report.

It was important to intervene early and reduce bureaucracy to free up practitioners to help families. Overall the Authority was doing well but in terms of the rate of placement of adults in care homes for example, improvements were necessary – extra care and reablement were not always the answer and re-referrals in Childrens' Services required improvement. There was a need to strengthen monitoring of domiciliary care and residential homes to ensure quality. There were sometimes visible stresses on the Childrens' Services workforce and sickness absences needed to be tackled robustly. There would be challenges ahead, particularly as a result of the Pembrokeshire judgement as this could have an impact on fee levels. Good partnerships had been built with HEC and various health schemes i.e. Hafan Lles, Prestatyn was a good example.

The Protection of Vulnerable Adults was paramount and the CSSIW and the Council checked the quality of homes for vulnerable adults. There had been health and safety issues in some residential homes.

The corporate approach was to work hard and successfully with others e.g. the leisure provision in Gorwel Newydd. Childrens' Service had been shortlisted for a social care accolade i.e. therapeutic and preventative project for children and a rotational OT scheme had also been shortlisted.

Although Social Services was performing well, the Council would need to continue focussing carefully and be vigilant in some areas. Councillor H H Evans thanked the

Corporate Director for the comprehensive report and said he felt Social Services was in safe hands. The Corporate Director confirmed that Performance Scrutiny Committee had looked at the analysis provided via Councillors R L Feeley and J Cahill.

Councillor M M Jones said the Authority had had 2 difficult years. The long standing Head of Service had left the Authority, followed by the appointment of an Interim Head of Service, talks about sharing officers with another Authority and then the appointment of a new Head of Service. Denbighshire was doing well but there was room for improvement.

Councillor Dobb concurred with the comments and thanked the Corporate Director for her leadership of Social Services. There were many changes in the new structure and the new Interim Head of Adult Services but staff seemed happy with the changes taking place. Sickness absence results in Adult Services had improved and heads of departments had responded favourably to the need for improvements. It was a pleasure to work with achieving people.

RESOLVED that Cabinet approves the self assessment of social care in Denbighshire, the priorities for action and the publication of the annual report.

11 FINANCE REPORT 2011-2012

Councillor J Thompson Hill presented the report for Cabinet to note the latest financial position and progress against the agreed budget strategy for 2011-2012 as defined in the Medium Term Financial Plan. The report also included a summary update of the Capital Plan, the Housing Revenue Account and Housing Capital Plan.

The revenue budget forecast showed a small overspend of £50k, which was as a result of cost pressures in Housing (homelessness budgets). At this stage in the year, all other services were forecast to be on budget. Appendix 1 detailed the variances by services whilst Appendix 2 showed work being progressed against savings proposals. There was a separate Capital Plan report - the plan for the year totalled £43m with £4.7m spent to date.

Within Highways & Infrastructure, a one-off transfer of £250k has been made to corporate budgets in 2011/12 to recognise the impact of external grants awarded late in 2010/11. There was some pressure on the Building and Development Control income streams within Regeneration, Planning & Public Protection, but this was being offset by savings on the staffing and professional fees budgets across the department.

Adult Services budgets are shown as balanced but assume that £231k of Supporting People grant will be used to fund pressures within the year. This was part of the strategy agreed at the service challenge in 2010 to manage in-year cost pressures. Leisure, Libraries & Community Development were having to find considerable savings as part of the 2011/12 budget process in addition to budget pressures inherited from recently transferred services, namely Llangollen and Rhyl Pavilions. Both had carried deficits in recent years (£110k in total in 2010/11) and the department was

implementing proposals to try to ensure where possible, these budgets were on target this year.

Environment Services budgets were forecast to be on target but may improve during the year as the new waste disposal contract takes effect but there was a potential risk due to the new contract.

The Housing Revenue Account (HRA) – The HRA was forecast to achieve a planned in-year deficit of £1.058m, this forecast deficit had increased by £33k from last month due to a higher number of void properties, resulting in reduced rent income. The in-year deficit arises as £1.3m of revenue budget was to be used to fund capital expenditure as part of the agreed Housing Stock Business Plan for 2011/12. The Business Plan remained viable. The Housing Capital Plan was forecast to be under spent by £482k compared to the budgeted estimate of £5.969m for the year. This was due to the delay in the commencement of a contract for major improvements.

To date just over £5m savings had been achieved, which was 80%, with the remaining 20% being deliverable during the year. Services would have to come forward with alternatives if they could not provide the agreed savings.

RESOLVED that Cabinet note the latest financial position and progress against the agreed budget strategy.

12 ISSUES REFERRED TO CABINET BY SCRUTINY COMMITTEES

There were no issues referred to Cabinet by Scrutiny Committees.

However, the Acting Head of Corporate Governance referred to the recent meeting of Performance Scrutiny Committee where Members had asked Cabinet to consider the impact of the loss of 21st Century Schools' funding on Denbighshire's modernising education programme.

Councillor E W Williams said he was disappointed with the statement from the Minister on the 21st Century Schools' funding. Denbighshire and many other Authorities had grouped schools together as well as going for new build. Collaborating schools had done well e.g. Ysgol Bryneglwys. The Edeyrnion Review had included one new build and this was still under consideration. The amalgamation at Ysgol Gwaenynog and Ysgol Heulfre, Denbigh was not part of the programme. He said he would write to the Minister and AMs on the provision of new schools for Rhyl High and Ysgol Glan Clwyd and he felt the Welsh Government must commit to those as well as the 3 primary schools. He also asked for colleagues' support.

Councillor D I Smith said 21st Century Schools Funding would be discussed in the Communities Scrutiny in September. Councillor C Hughes expressed concern at raising parents and pupils' expectations and the fact that Denbighshire would not be able to deliver on its consultation proposals. He would be writing to the Minister and would attend the Scrutiny Committee.

Councillor Williams reminded colleagues that the Llandegla scenario was working extremely well and he felt confident that the amalgamation of the schools at Denbigh would also be a success. He commended the Education team for their work.

Councillor H H Evans said officers had considered the 21st Century funding scenario and the loss of funding had not created problems as the Authority had not over committed. The Corporate Director: Learning and Communities said the Welsh Government would let Authorities know the position on the 21st Century funding in September but at present Authorities had to find 50% of the cost of any project agreed. He also confirmed that the previously agreed amalgamation of the Denbigh schools would be completed. Councillor J Thompson Hill agreed that Denbighshire had taken a considered approach and he thought the 50% match funding required by Councils would mean that not all proposals would be undertaken.

The Chief Executive supported comments made by Councillor Williams and said school places were an issue and a governmental responsibility. He reminded Members that the Authority had not gone out to formal consultation relying on Welsh Government funding. However, Denbighshire would not lose its ambition to modernise education and schools would need to be prioritised to improve. It was important to ensure the AMs and MPs were on board and that Denbighshire's voice was heard. It was possible that different solutions would be necessary.

RESOLVED that the discussion be noted.

13 CABINET FORWARD WORK PROGRAMME

Councillor H H Evans presented the Cabinet Forward Work Programme.

It was agreed that the Transfer of Town Halls be presented to Cabinet on 6 September, the Future Shape of Local Authorities Compact be presented to Full Council. The Finance Report would be presented only on 6 September and the Regional Support Services' Project would be presented to Cabinet on 22 November.

RESOLVED that Cabinet note the amended Forward Work Programme.

14 REPLACEMENT OF FACILITIES MANAGEMENT SERVICE PROVIDER

Councillor P J Marfleet presented the report seeking Members' approval to enter into a Supplementary Agreement with Neptune relating to Serviced Civic Facilities in County Hall, Ruthin.

In 2002 the Council and Neptune had entered into an Agreement relating to the design, construction, financing and operation civic facilities at Ruthin pursuant to a Private Finance Initiative and Neptune eventually entered into a Services sub-contract with Operon to provide services under the Original Services Sub-Contract. However an

Administrator was appointed in respect of Operon who subsequently ceased to provide service. As a result of this, Neptune terminated the Original Services Sub-Contract.

Following negotiations it was agreed that Grosvenor Facilities Management Ltd (GFM) would enter into an agreement with Neptune whereby GFM would agree on an interim basis to perform the duties and obligations of the Service Supplier in connection with the Project. It was intended to appoint GFM on a permanent basis. At the same time, the Council and Neptune agreed to adjust the element of the unitary charge that relates to the cost of consumption of utilities at County Hall, Ruthin as the building was being used for longer hours than contracted.

Councillor Marfleet said that there was a moratorium on building data centres and there was a possibility at some point in the future that Denbighshire would need to share servers with another Authority which would mean less energy usage and more space. He said the recent office moves had gone well and he commended Property Services on their excellent work. Also, the Council wanted more direct control of the lighting systems for example.

The Acting Head of Corporate Governance detailed amendments required to the report, namely that she or the Acting Head of Finance and Assets would sign the documentation once it had been fully checked for risks.

Councillor Marfleet said more staff in County Hall had impacted on the car parking available and this would be considered at a later date. He had not ruled out charging staff to park in the car park but this would also, for example, impact on schools and leisure centres. Consideration should be given to having pay and display in the car parks at weekends. Councillor D A J Thomas however reminded colleagues that car parks would need to be secure out of hours to stop travellers moving in.

RESOLVED that subject to the approval of the documentation below by the Acting Head of Corporate Governance, Cabinet:

- [i] consent to allow Neptune to enter into a Replacement Services Sub-contract with Grosvenor Facilities Management Ltd (GFM) and sign a consent letter in relation to the same*
- [ii] to agree that the Council enter into a Project Agreement with Neptune relating to Serviced Civic Facilities in County Hall, Ruthin (the "Supplemental Agreement")*
- [iii] to note the adjustment of the element of the unitary charge that relates to the cost of consumption of utilities at County Hall, Ruthin*
- [iv] agree that the Council enter into a Direct Agreement with GFM and Neptune*
- [v] agree that the Council acknowledge that Neptune assigns their right, title and interest in the Project Agreement Supplemental Agreement and the Direct Agreement to Barclays Bank PLC as the funders of the project*
- [vi] agree that the Supplemental Agreement and the Direct Agreement shall be certified contracts within the meaning of Section 2 of the Local Government (Contracts) Act 1997 (the "Act") and shall meet the certification requirements within Section 3 of the Act and that the Acting Head of Corporate Governance*

and / or the Chief Finance Officer are duly authorised to sign and issue the certificates in accordance with the Act.

15 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 13 and 14 of Schedule 12A of the Local Government Act 1972.

16 SELECTION OF PREFERRED BIDDER: NORTH EAST WALES REGIONAL FOOD WASTE TREATMENT PROJECT

Councillor S Frobisher presented the report seeking Cabinet agreement to a three Authority partnership between Conwy, Denbighshire and Flintshire to procure a 15 year contract for food waste treatment capacity. Denbighshire was the Lead Authority for the project. Following the Competitive Dialogue process, tenders had been received and evaluated.

In February 2008 Cabinet gave its approval for DCC to enter into a formal partnership with CCBC and FCC (subsequently referred to as the 'NE Hub'), to jointly procure food waste treatment capacity / facilities. The OBC (Outline Business Case) for the project was approved by Cabinet on 14th July 2009. The OBC demonstrated that the proposed procurement would provide a cheaper solution than continuing to landfill food waste, than continuing interim treatment arrangements. Cabinet approval on project affordability was agreed on 30th March 2010. Following this, the 'Competitive Dialogue' procurement process started. The final tenders were evaluated before being subject to a moderation process undertaken by technical, legal and financial officer representatives from the 3 Authorities.

The Preferred Bidder recommendation was approved by the Project Management Board on 21st June 2011. There were certain administrative arrangements that needed to be fulfilled on approval of preferred bidder.

Both Conwy and Flintshire Councils had agreed the arrangements. The Welsh Government had acknowledged the work done by the Head of Environmental Services, Waste Manager Project Manager and NE Hub Project Coordinator on the project.

Officers were also congratulated by Councillor E W Williams on reaching the end of a long process and for their efficient work.

The Head of Environmental Services said Denbighshire was one of the first in Wales to reach this stage and it would also save on costs for the Authority.

RESOLVED that Cabinet endorse the decision made by the Project Management Board (Directors and 2 Members from the 3 Authorities who provide governance control and take the decisions on key milestones) on 21.05.2011 which approved the recommendation of the Preferred Bidder for the NE Hub Food Waste Contract as detailed in the report and for the Head of Environment to enter into the Preferred Bidder letter on behalf of the Authority and a pre-determined list of Project documents and approve any amendments to those documents or entry into any supplemental documents. It was further agreed the Acting Head of Corporate Governance to execute the Project Documents by affixing the Council's seal and/or signatures in accordance with constitutional provisions and for Heads of Terms for entering into the second Inter Authority Agreement as detailed in Appendix 1 to the report.

17 CAPITAL PLAN 2011-2012

Councillor J Thompson Hill presented the report for Members to note the final outturn position on the 2010-2011 element of the Capital Plan and to provide details of successful projects delivered in the year. Information was also provided regarding the latest position on the 2011-2012 element of the Capital Plan.

The major projects were detailed. A grant offer had been received from the Welsh Government for coastal defence works at Rhyl and it was hoped the scheme would be completed by 2013. Work continued on the Foryd Harbour and Pedestrian Bridge project. Confirmation was awaited on when the works to the Apollo Cinema, Rhyl would be completed. It was confirmed that the property at 24 West Parade would not be demolished.

The Acting Head of Finance and Assets said land at Pen y Maes, Denbigh had realised a significant capital receipt. The Chief Executive asked that information on the successful projects in Appendix 2 be publicised in the autumn.

RESOLVED that Cabinet notes the latest position on the 2011-2012 element of the Capital Plan and the successful projects delivered in 2010-2011.

The meeting concluded at 12.40 p.m.

Report To: CABINET

Date of Meeting: 6th September 2011

Lead Cabinet Member: Councillor P J Marfleet, Lead Member for Modernising the Council

Lead Officer: Linda Atkin

Title: Routine Report on HR Statistics

1 What is the report about?

The report contains information on starters and leavers and absence for the period of April to June 2011.

2 What is the reason for making this report?

For Members to note and comment on the content of the enclosed overview report on Personnel Statistics which provides Headcount Analysis for the period April 2011 to June 2011 and a comparison of collated data for Sickness Absence within the authority between April 2011 and June 2011.

3 What are the Recommendations?

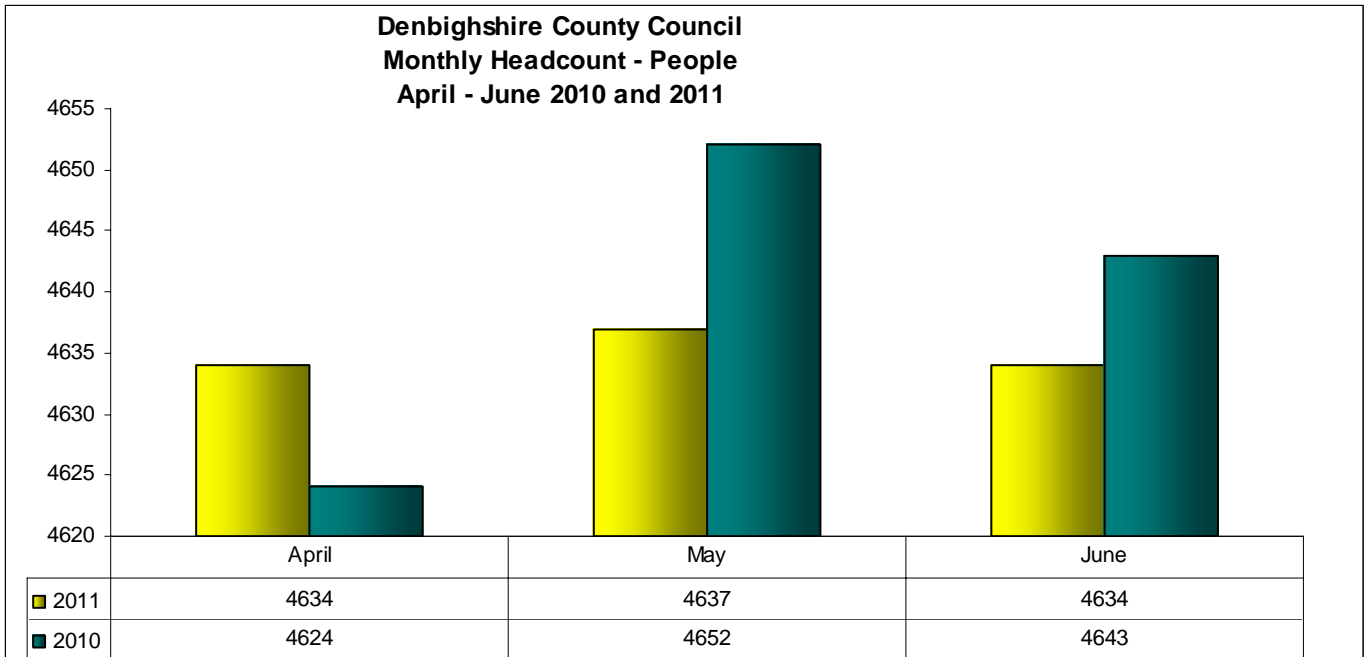
Members note the information considered in this report and identify issues which future reports should focus upon.

4 Report Details

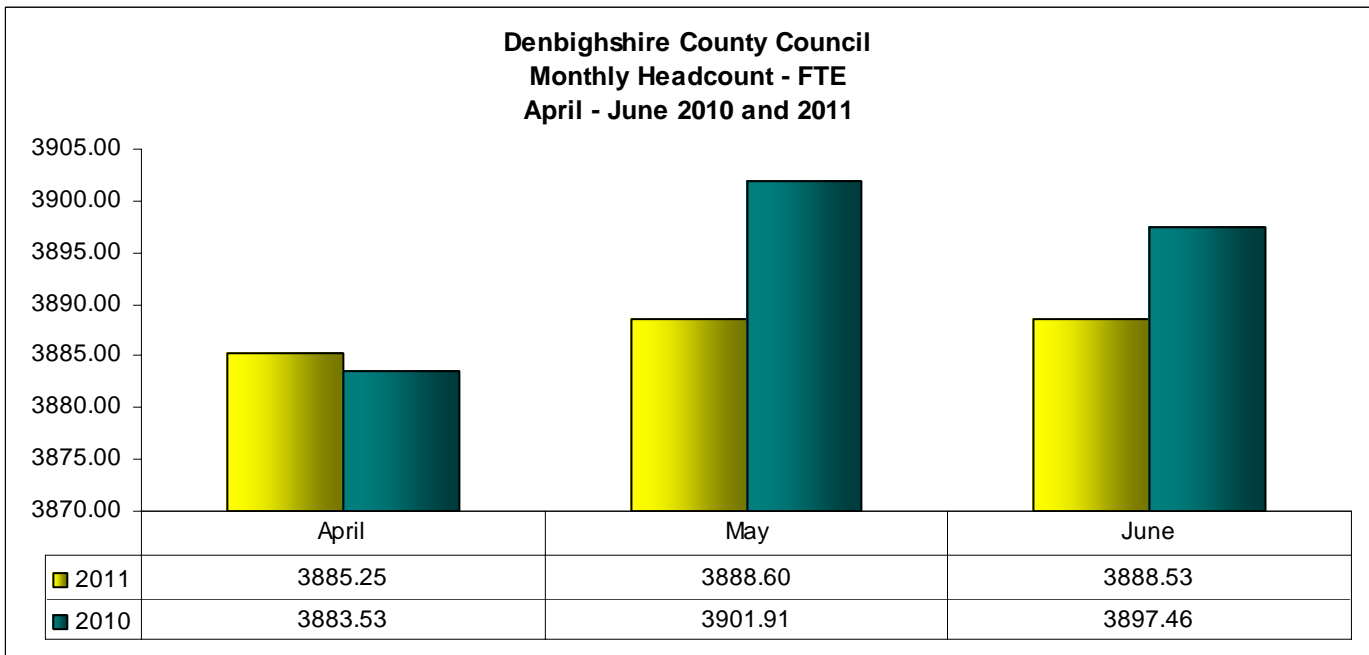
4.1 Headcount and Starters & Leavers Analysis

4.1.1 Headcount analysis

The overall headcount has increased by 3 from April to May 2011 and then decreased by 3 from May to June 2011, as per the chart below. The chart below also shows the same period for 2010.



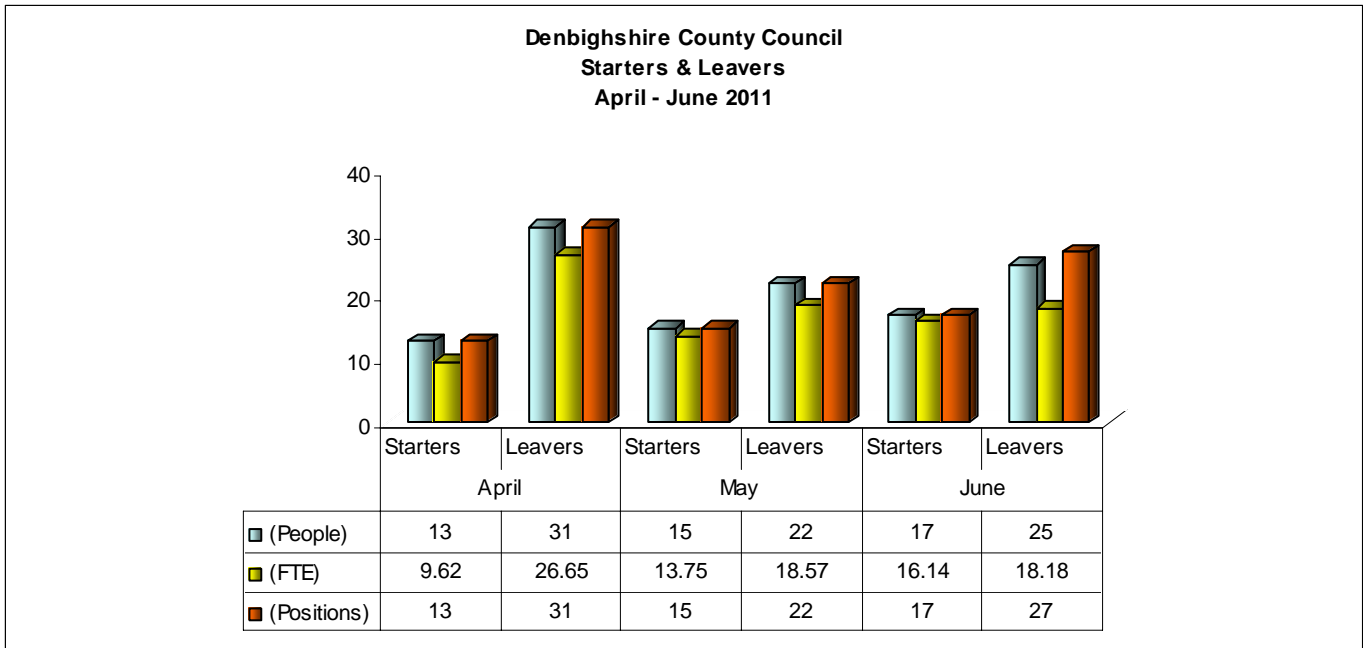
The overall FTE has changed from April to June 2011 in relation to the increase and decrease of headcount, as per the chart below. The chart below also includes the same period for 2010.



4.1.2 Starters & Leavers Analysis

The starters and leavers figures for each month are shown in the table and graph below for the period of April to June 2011. The People column is the headcount figure and the positions are the number of jobs. If the number of People differs from the number of Positions this indicates that an employee had one or more positions.

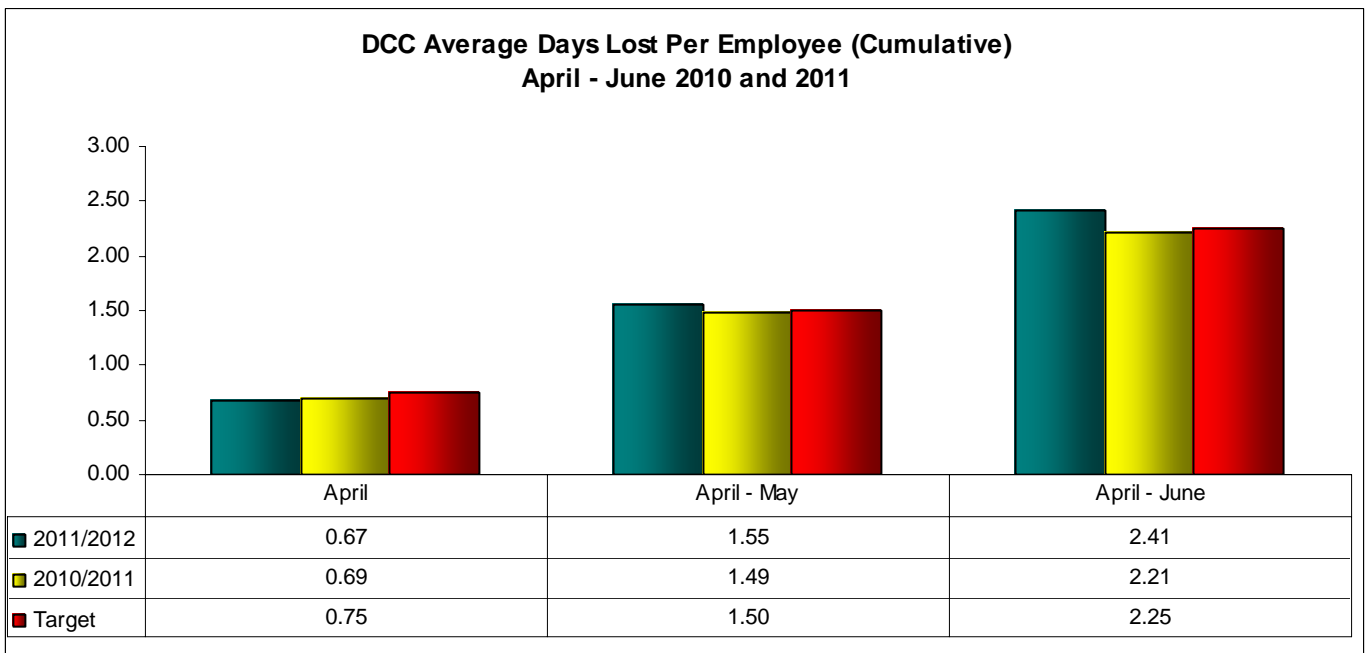
Month	Starters	Starters	Starters	Leavers	Leavers	Leavers
	(People)	(FTE)	(Positions)	(People)	(FTE)	(Positions)
April	13	9.62	13	31	26.65	31
May	15	13.75	15	22	18.57	22
June	17	16.14	17	25	18.18	27
Grand Total	45	39.51	45	78	63.4	80



4.2 Sickness

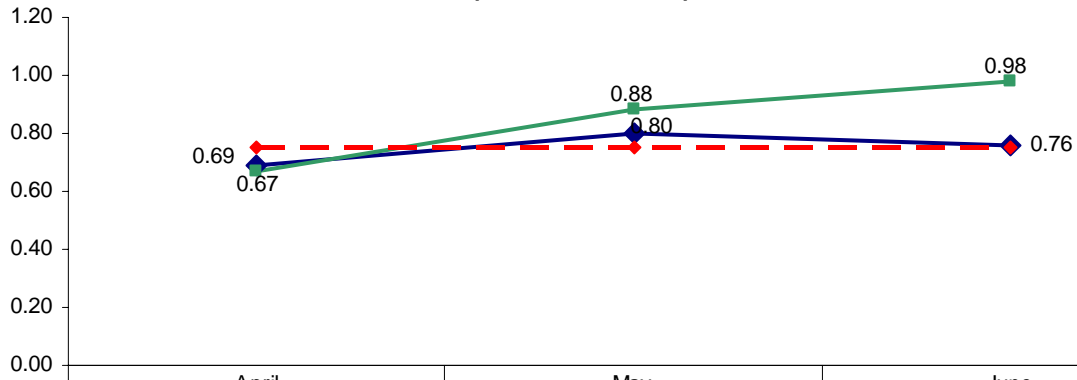
4.2.1 Average Working Days Lost

The cumulative average number of working days lost per employee for the authority as a whole during April 2011 to June 2011 is shown in the chart below along with the target figures.



The non-cumulative averages for DCC are shown below, together with last year's figures and the 2011/12 target.

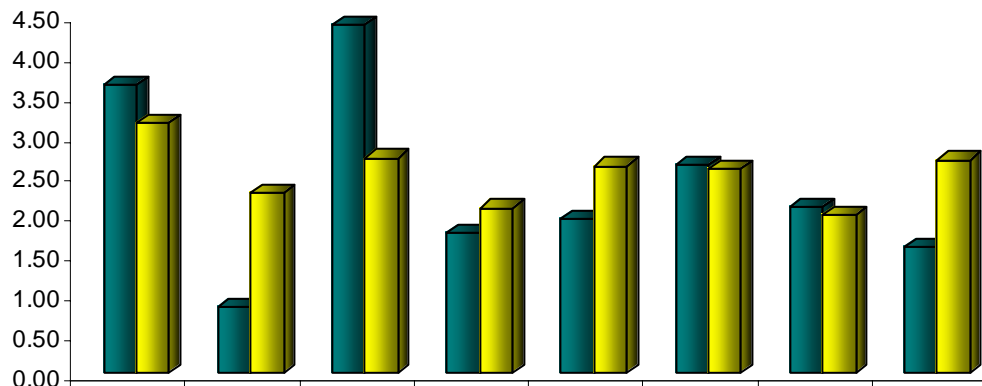
**Denbighshire County Council
Average Days Lost Per Employee
April - June 2010 & April - June 2011**



	April	May	June
2010/2011	0.69	0.80	0.76
2011/2012	0.67	0.88	0.98
Target	0.75	0.75	0.75

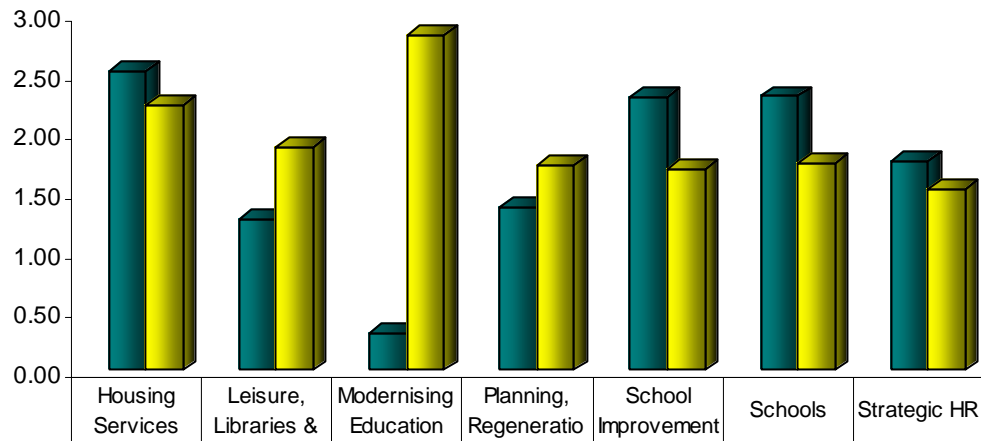
An analysis of the services' averages is illustrated in the next two charts for the period of April to June 2011 matched against their respective targets for the same period.

**Denbighshire County Council
Average Days Lost per Employee & Targets
April - June 2011**



	Adult & Business	Business Planning &	Children & Family	Corporate Governan	Customer Services	Environme ntal	Finance & Assets	Highw ays &
April - June	3.63	0.83	4.39	1.78	1.95	2.63	2.09	1.60
Target April - June	3.15	2.27	2.72	2.09	2.61	2.59	2.00	2.69

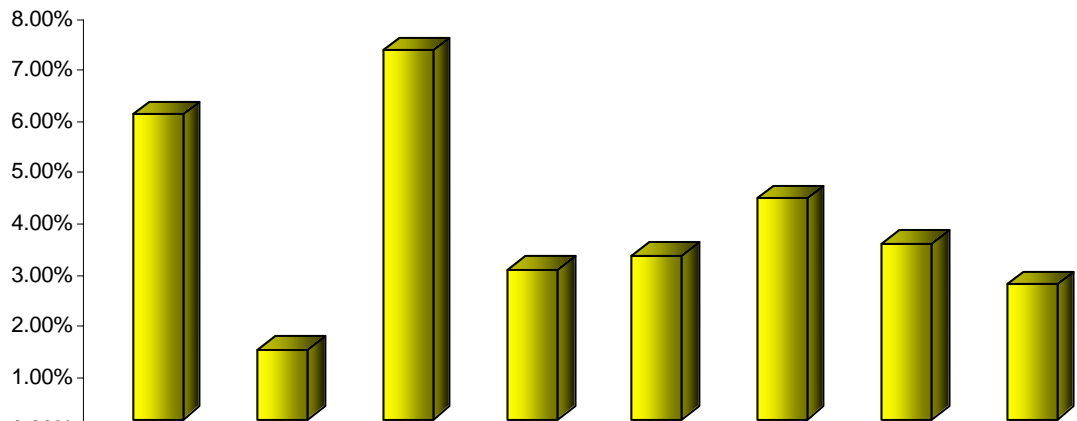
**Denbighshire County Council
Average Days Lost per Employee & Targets
April - June 2011**



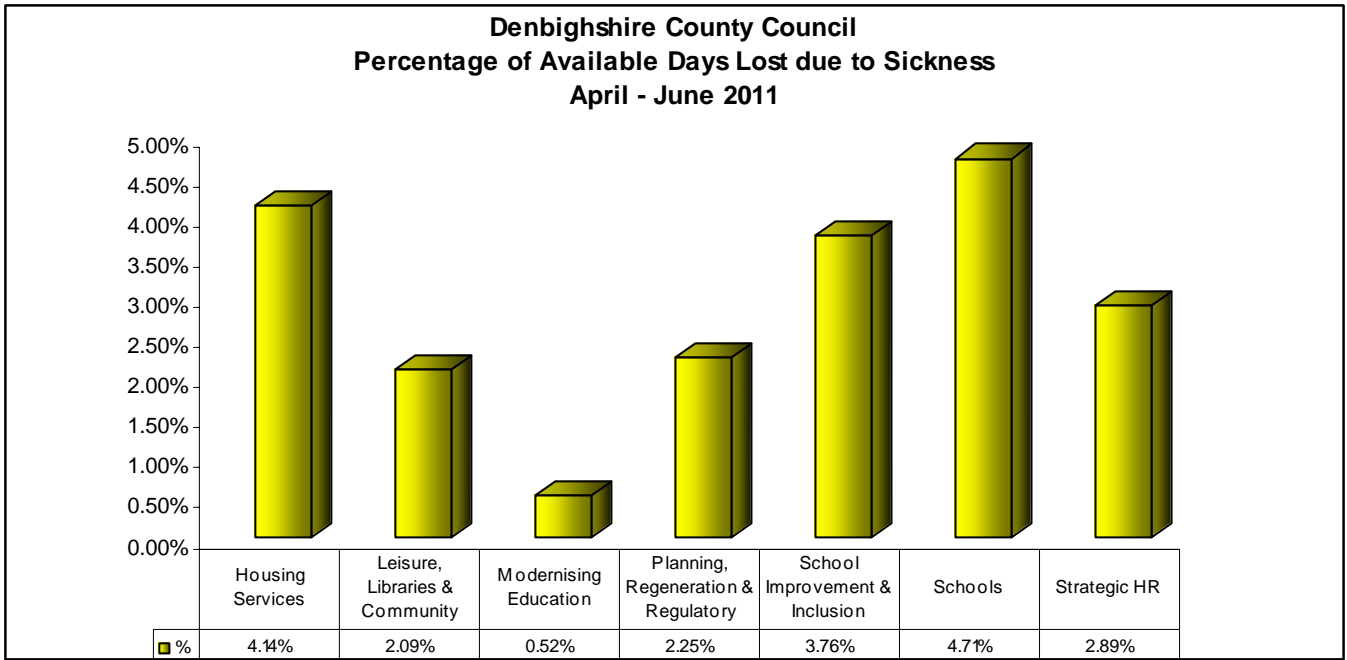
■ April - June	2.52	1.27	0.32	1.37	2.29	2.31	1.76
■ Target April - June	2.24	1.88	2.82	1.72	1.69	1.75	1.53

The next two charts show the percentage of available days lost by each service during April 2011-March 2012.

**Denbighshire County Council
Percentage of Available Days Lost due to Sickness
April - June 2011**

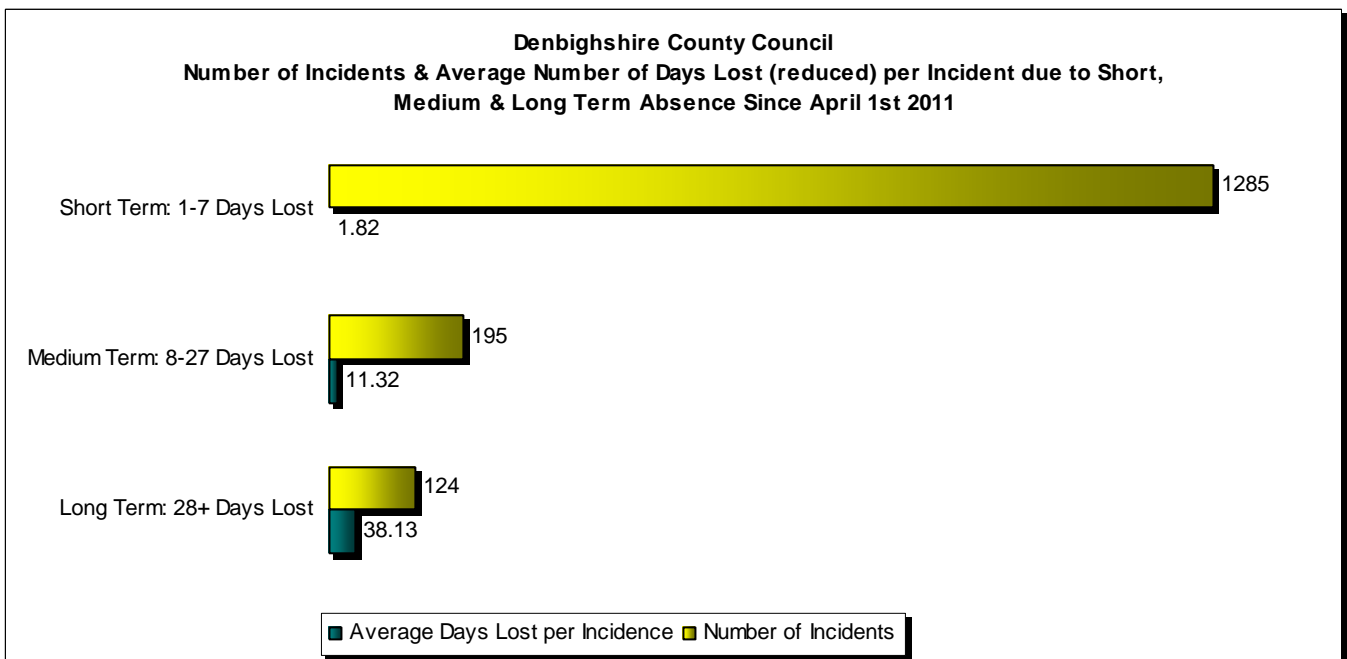


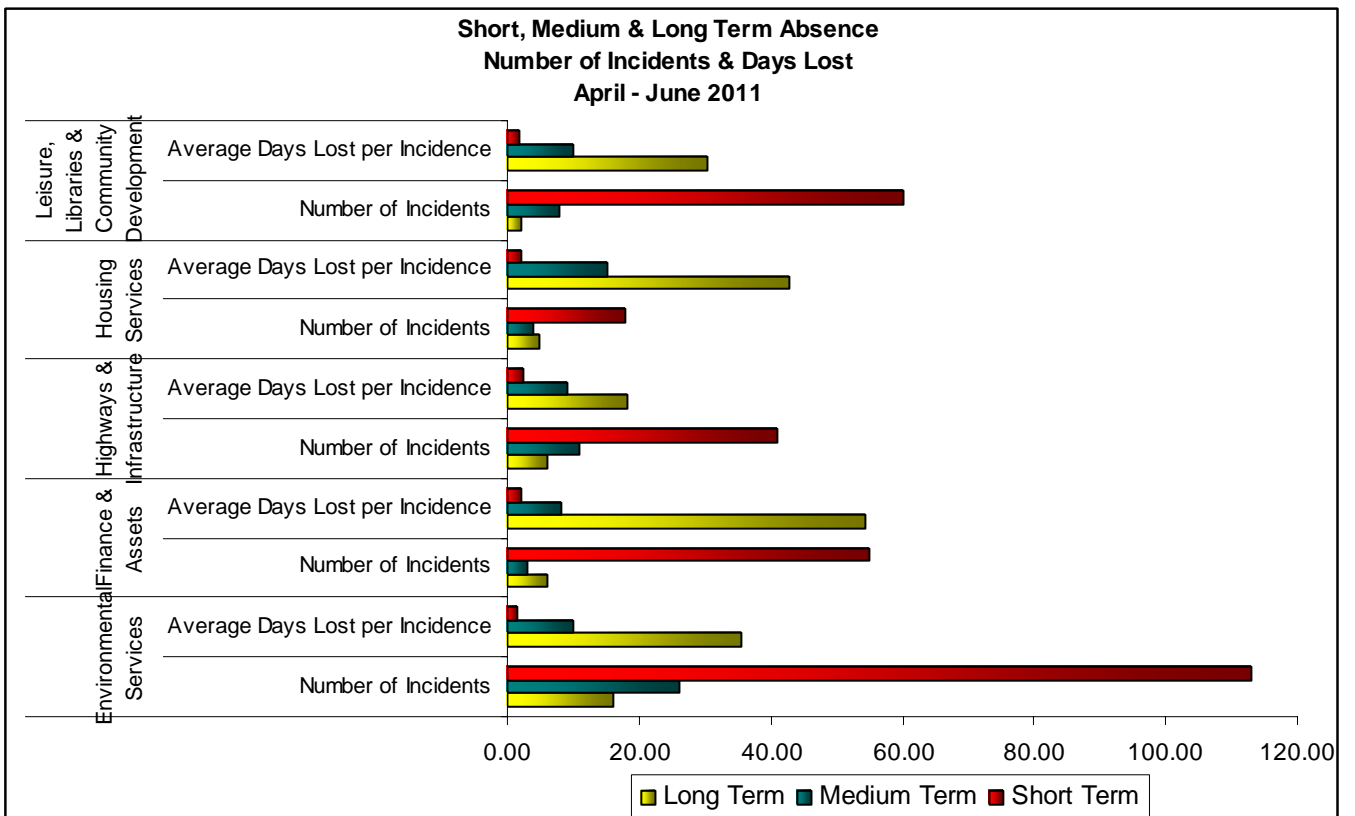
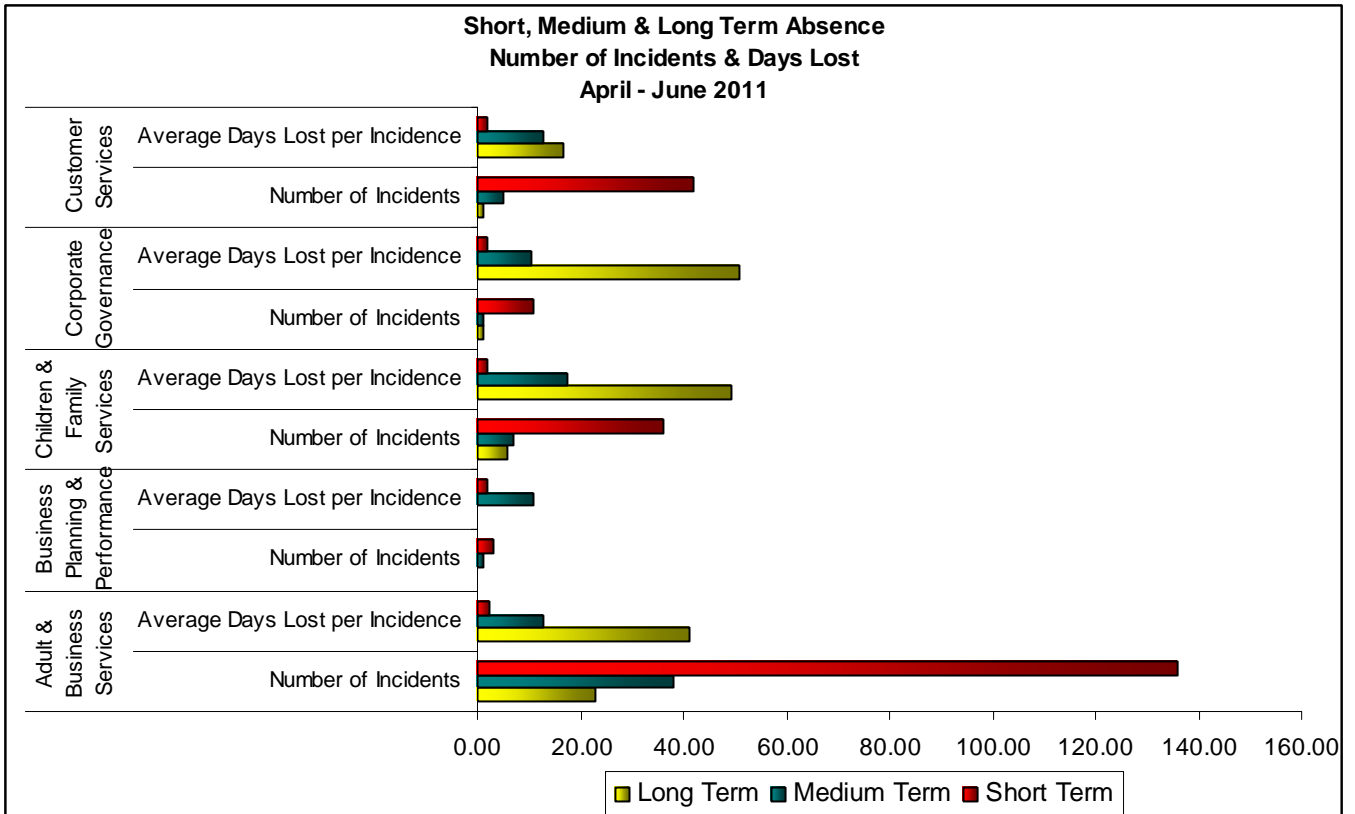
■ %	5.95%	1.36%	7.19%	2.92%	3.20%	4.31%	3.43%	2.62%
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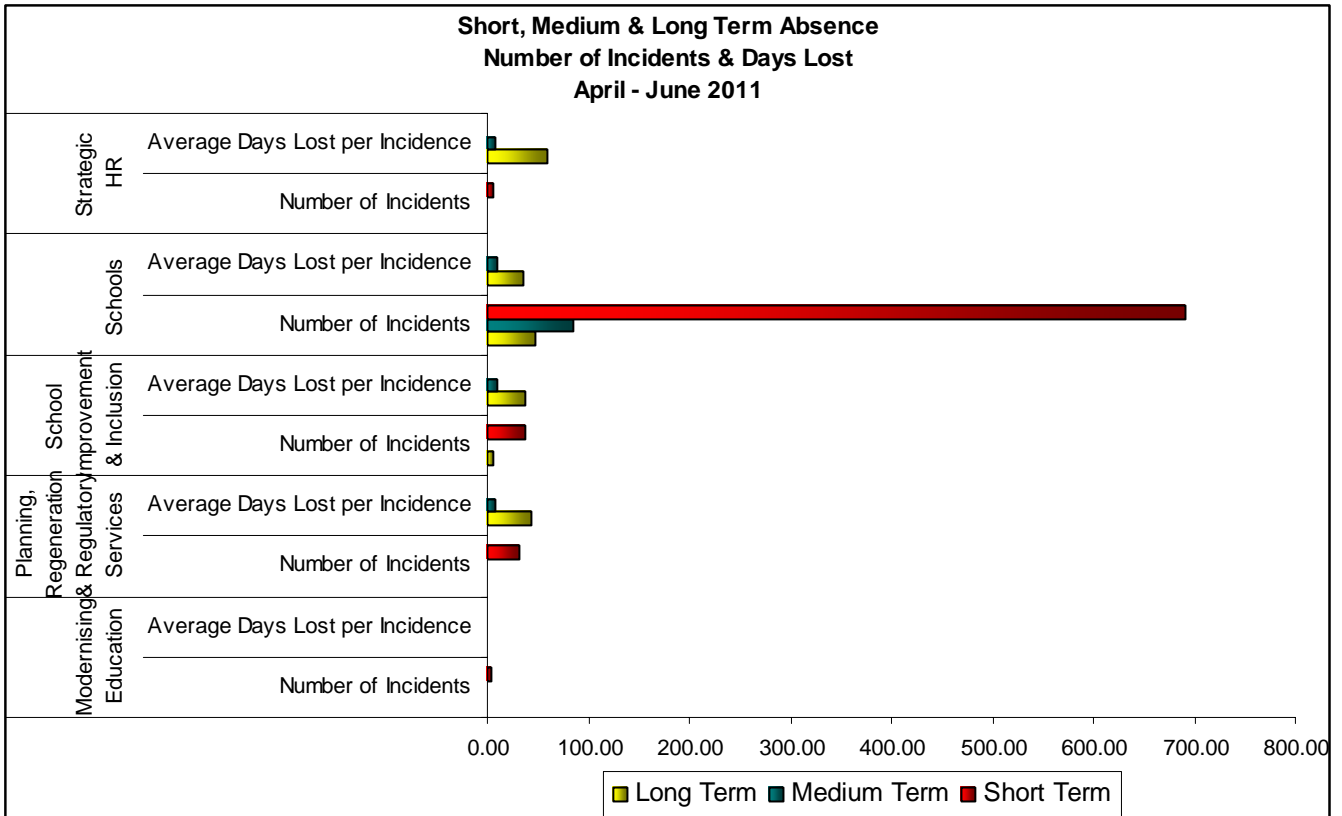


4.2.2 Short, Medium and Long Term Absence Analysis

Short term absence is by far the most common type of absence, whilst long term absence accounts for the largest amount of days lost. Short, medium and long term absence is examined further in the next four graphs.

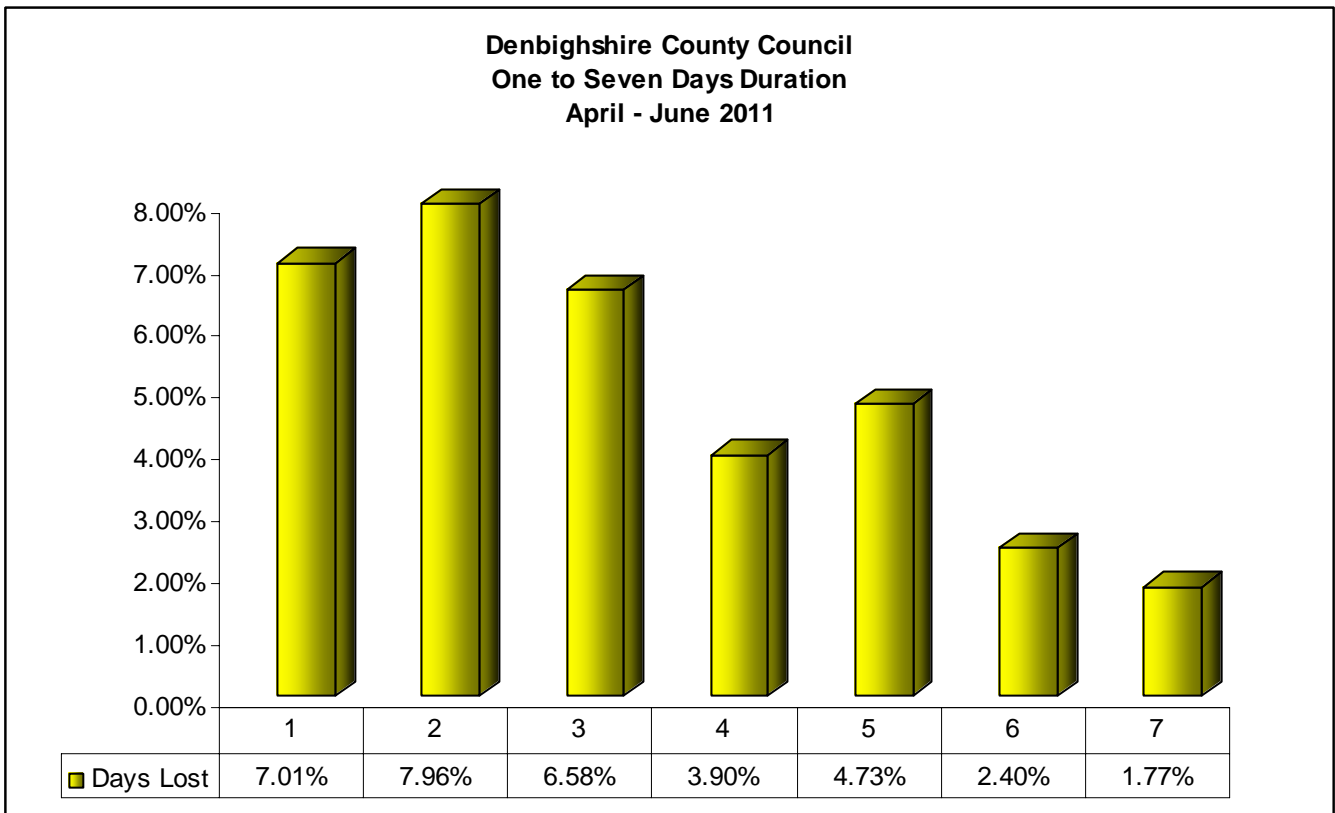






4.2.3 Absences of One to Seven Days Duration

An analysis of the total days lost for the short term absence can be further details as per the chart below. The short term absence in terms of a percentages account for 34% of the total days lost.



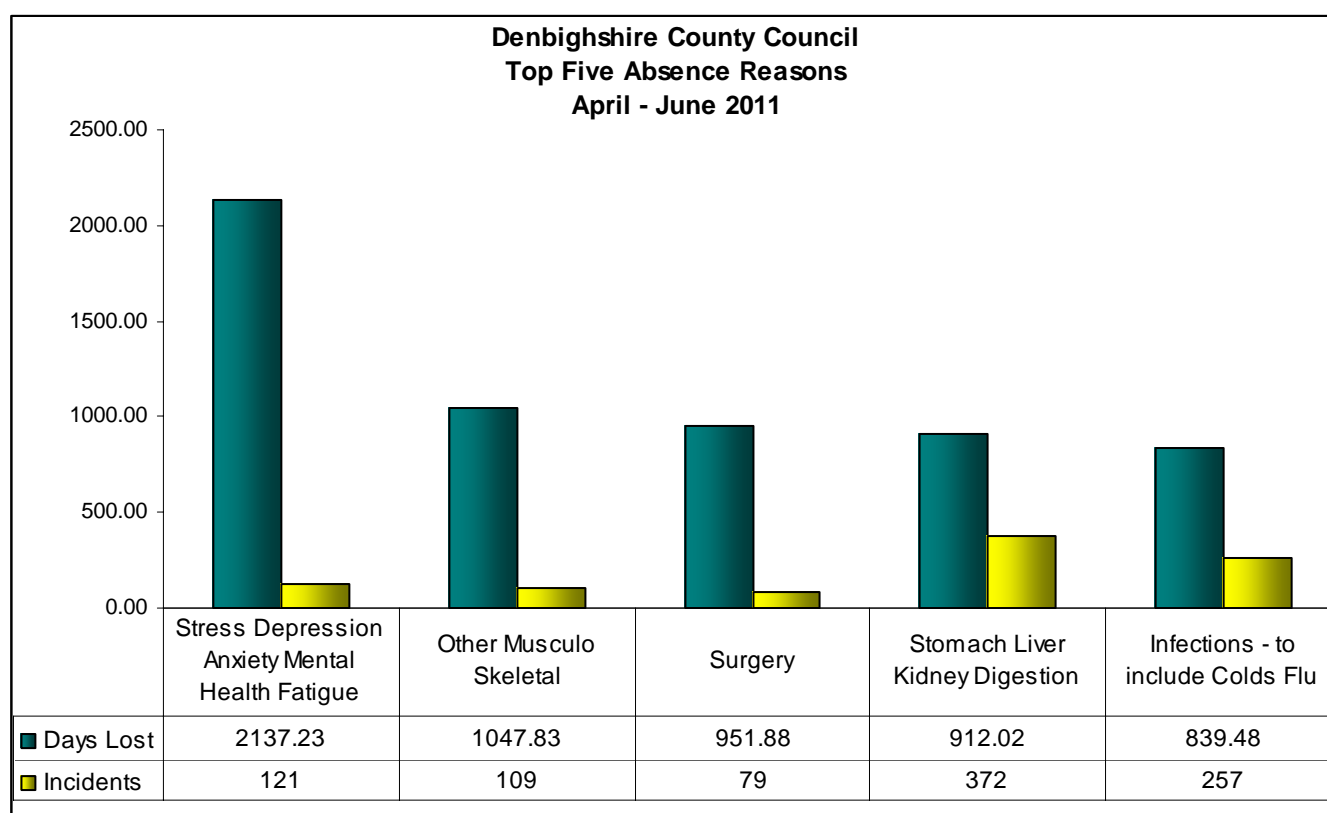
4.2.4 Absence Reason Analysis

The top five absence reasons in terms of the number of actual working days lost for April – June 2011:

- Stress Depression Anxiety Mental Health Fatigue
- Other Musculo Skeletal
- Surgery
- Stomach Liver Kidney Digestion
- Infections - to include Colds Flu

Together, these five absence reasons were responsible for 62.50% of actual days lost due to sickness absence in April 2011 - June 2011.

The chart below provides a breakdown of the top five absence reasons for April – June 2011 in terms of the number of absences caused by each reason and the number of actual days lost due to each reason.

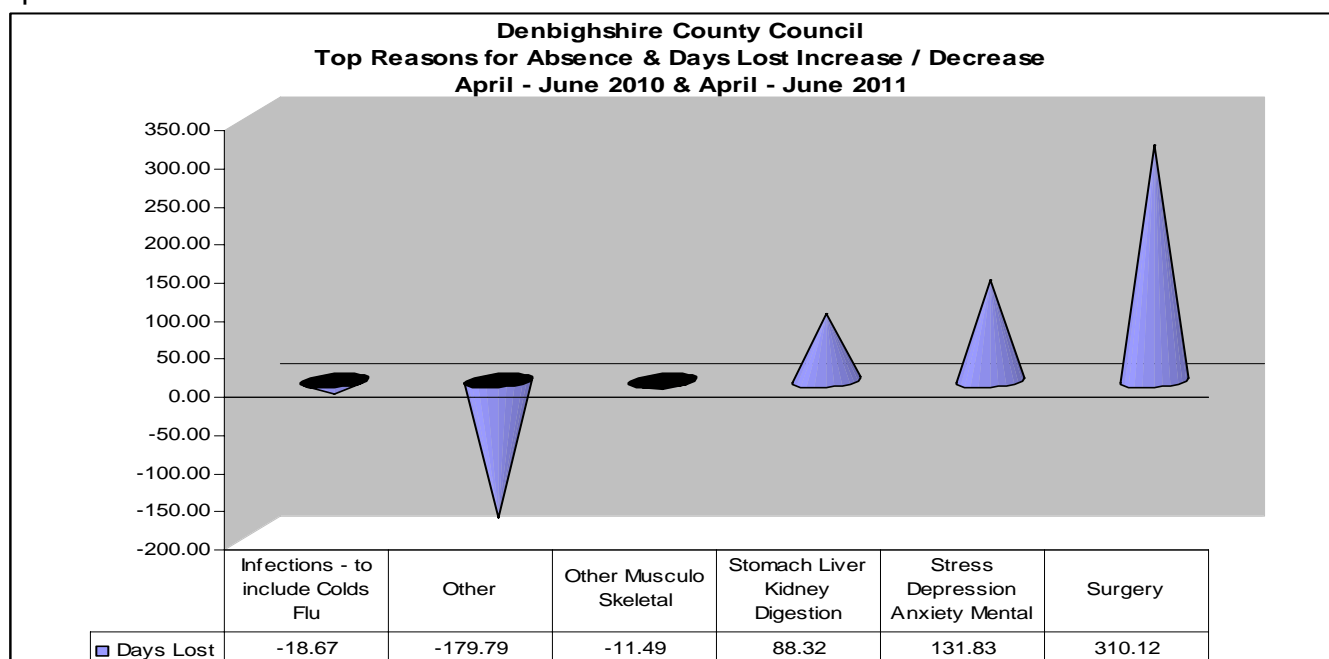


The table below lists all absence reasons for the April 2011 - June 2011 period, arranged in alphabetical order dependent on the number of actual working days lost per absence reason, together with percentages. Also included are the increases or decreases in actual days lost and percentages compared to April 2010 - June 2010.

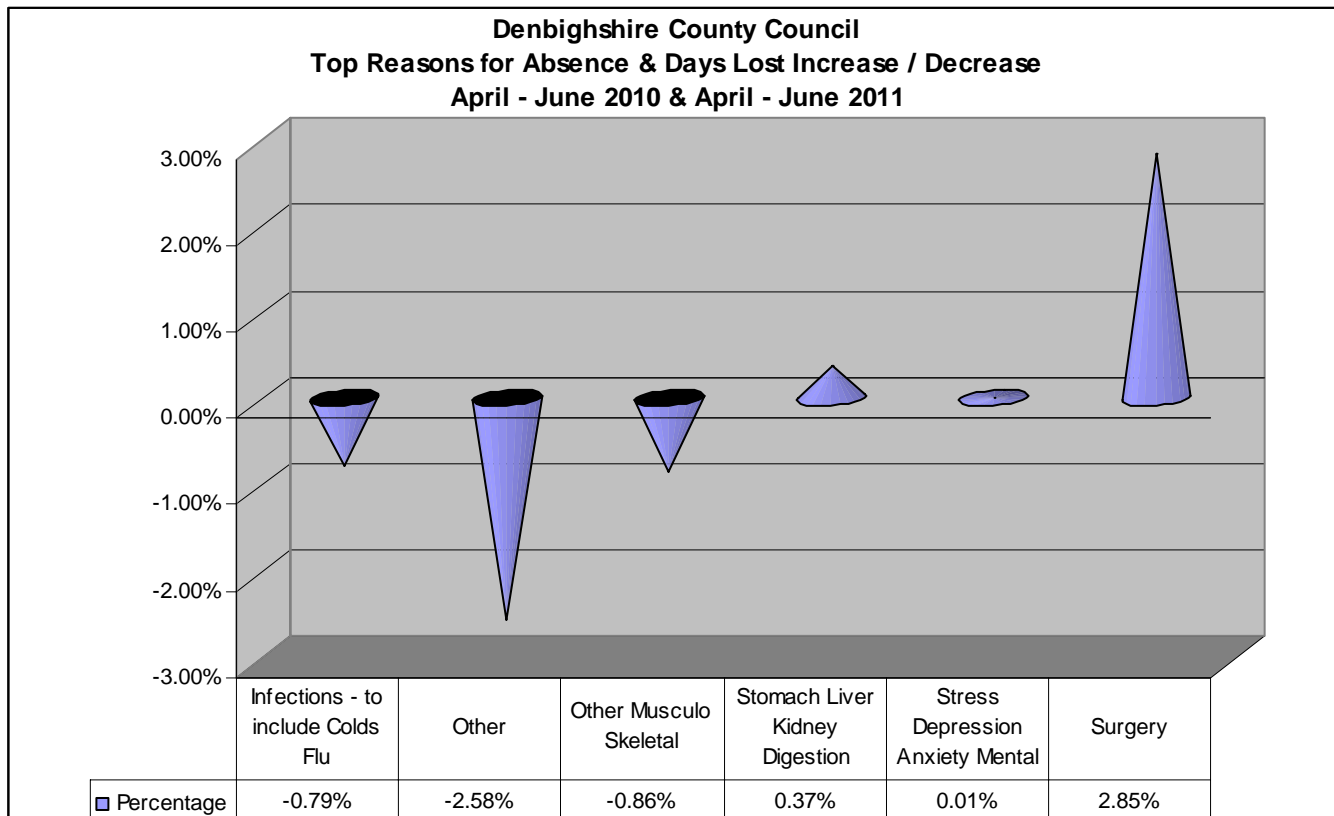
Absence Reason	Total Days Lost 2011	Total Days Lost 2010	Days Lost Increase / Decrease	Percentage Increase / Decrease
Back Neck Problems	372.66	585.73	-213.07	-2.67%
Chest Respiratory - to Include Chest Infections	340.15	341.31	-1.16	-0.25%
Disability Related	88.74	121.61	-32.87	-0.43%
Ear Eye Nose Mouth Dental - to include Sinusitis	382.92	298.84	84.08	0.69%

Genito-Urinary - to include Menstrual Problems	226.04	195.68	30.36	0.19%
Heart Blood Pressure Circulation	159.22	237.61	-78.39	-1.00%
Hospital Appointment	37.10	70.19	-33.09	-0.40%
Infections - to include Colds Flu	839.48	858.15	-18.67	-0.79%
Neurological - to include Headaches Migraine	407.28	344.56	62.72	0.43%
Other	793.68	973.47	-179.79	-2.58%
Other Musculo Skeletal	1047.83	1059.32	-11.49	-0.86%
Pregnancy Related	102.41	118.29	-15.87	-0.25%
Skin Related Disorders	72.20	34.74	37.47	0.37%
Stomach Liver Kidney Digestion	912.02	823.71	88.32	0.37%
Stress Depression Anxiety Mental Health Fatigue	2137.23	2005.40	131.83	0.01%
Surgery	951.88	641.75	310.12	2.85%
Swine Flu	75.87	3.00	72.87	0.77%
Unknown Reason - Awaiting Certificate	475.47	131.81	343.66	3.56%
Grand Total	9422.18	8845.16	577.02	0.00%

The next chart examines the top five absence reasons during April 2010-March 2011 in terms of increase or decrease in the number of actual working days lost per absence reason compared to April - March 2010.

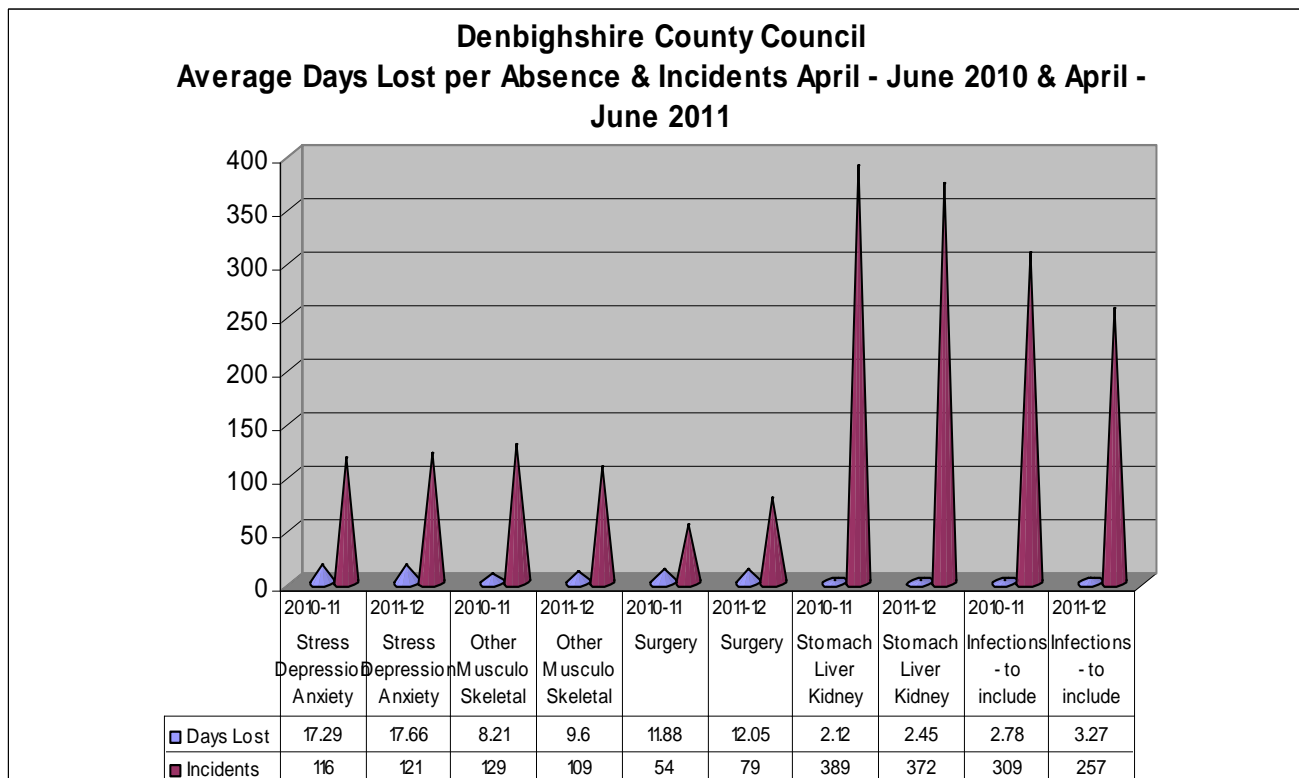


The next chart, which examines the same data in terms of percentage increases or decreases, shows that whilst the overall number of days lost has increased, the percentage of days lost caused by stress related absences has actually decreased.



4.3.5 Top Reasons for Sickness Absence

The next chart provides a more detailed analysis of the top reasons for sickness absence in terms of average days lost per absence and the number of incidents per reason, comparing April to June 2010 and April to June 2011.



4.3 Occupational Health Referrals – Stress

35.76% of all occupational health referrals were for stress related absences during April 2011 - June 2011.

5 How does the decision contribute to the Corporate Priorities?

Attendance and performance of employees is fundamental to achieving our Corporate priorities.

6 What will it cost and how will it affect other services?

Additional Resources needed (staffing or financial) - There are no direct staffing implications however sickness levels do impact on the ability to provide services.

7 What consultations have been carried out?

The headcount & absence information has been prepared by the Strategic HR team directly from the HR system.

8 Chief Finance Officer Statement

Payroll costs are one of the largest costs faced by the Council and therefore any further actions to monitor and control expenditure are beneficial.

9 What risks are there and is there anything we can do to reduce them?

N/A

10 Power to make the Decision

Section III of the Local Government Act 1972

AGENDA ITEM NO: 6

Report To: Cabinet

Date of Meeting: 6 September 2011

Lead Member / Officer: Cllr J Thompson-Hill, Lead Member for Finance

Report Author: Acting Head of Finance and Assets

Title: Annual Treasury Report 2010/11

1 What is the report about?

- 1.1 The report is about the Council's investment and borrowing activity during 2010/11. It also provides details of the economic climate at that time and shows how the Council complied with its Prudential Indicators.

2 What is the reason for making this report?

- 2.1 The main purpose of this report is to update members on the performance of the treasury management function and to demonstrate compliance with treasury limits and Prudential Indicators during 2010/11.

3 What are the Recommendations?

- 3.1 Cabinet is asked to note the Annual Treasury Report for 2010/11.

4 Report details

- 4.1 The report gives details of the Council's treasury management activities and an overview of the economic background for the year.
- 4.2 The report shows how the reduction in interest rates has continued to have a significant impact on the investment return for 2010/11 which decreased from £0.6m in 2009/10 to £0.4m in 2010/11.

5 How does the decision contribute to the Corporate Priorities?

- 5.1 Good investment and borrowing decisions allow additional resources to be directed to other Council services.

6 What will it cost and how will it affect other services?

- 6.1 Not applicable.

7 What consultations have been carried out?

7.1 The Council has consulted with its treasury advisers, Arlingclose Ltd.

8 What risks are there and is there anything we can do to reduce them?

8.1 Treasury Management is inherently risky but the Council is monitoring and controlling these risks as outlined in the main report. However, it is impossible to eliminate these risks completely. The council's treasury management strategy and procedures are audited annually and the latest internal audit review was positive with no significant issues raised.

9 Power to make the Decision

9.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations require local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management which determines the requirement for the Cabinet to receive an annual report on treasury activities for the previous financial year.

DENBIGHSHIRE COUNTY COUNCIL

ANNUAL TREASURY REPORT 2010 / 2011

**Paul McGrady
Acting Head of Finance & Assets**

CONTENTS

Section	Title
1	Background
2	Economic Background
3	Borrowing Activity
4	Investment Activity
5	Compliance with Prudential Indicators
	Appendix A – Compliance with Prudential Indicators 2010/11
	Appendix B - PWLB borrowing rates and UK Money Market rates

1. Background

The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year. Reports are made twice a year to council the Corporate Governance Committee which is the committee with responsibility for the scrutiny of the Council's treasury policy, strategy and activity, as well as the annual report made to cabinet and the report to full council to approval the annual treasury strategy.

Treasury management is defined as: "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Overall responsibility for treasury management remains with the Council. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

2. Economic Background

At the time of determining the strategy for 2010/11, interest rates were expected to remain low in response to the fragile state of the UK economy. Spending cuts and tax increases seemed inevitable after the General Election if the government had a clear majority. The markets had, at the time, viewed a hung parliament as potentially disruptive particularly if combined with a failure to articulate a credible plan to bring down government borrowing. The outlook for growth was uncertain due to consumers and corporates trimming their spending and financial institutions exercising restraint in new lending.

The economy's two headline indicators moved in opposite directions – growth was lackluster whilst inflation spiked sharply higher. The economy grew by just 1.3% in calendar year 2010; the forecast for 2011 was revised down to 1.7% by the Office of Budget Responsibility in March. Higher commodity, energy and food prices and the increase in VAT to 20% pushed the February 2011 annual inflation figure to 4.4%. The Bank Rate was held at 0.5% as the economy grappled with uneven growth and the austerity measures set out in the coalition government's Comprehensive Spending Review. Significant cuts were made to public expenditure.

The US Federal Reserve (the Fed) kept rates on hold at 0.25% following a slowdown in American growth. The European Central Bank maintained rates at 1%, with the markets expecting a rate rise in early spring.

The credit crisis migrated from banks to European sovereign states. The ratings of Ireland and Portugal were downgraded to the 'triple-B' category whilst the rating of Greece was downgraded to sub-investment (or 'junk') grade. The sovereign rating of Spain was also downgraded but remained in the 'double-A' category.

3. Borrowing Activity

The table below shows the level of the Council's borrowing at the start and the end of the year.

	Balance at 01/4/2010 £000	Maturing loans £000	Premature repayments £000	New Borrowing £000	Balance at 31/3/2011 £000
Fixed rate loans – Public Works Loan Board (PWLB)	128,320	2,040	0	5,000	131,280
Temporary Borrowing	0	5,000	0	5,000	0
Total borrowing	128,320	7,040	0	10,000	131,280

The strategy in 2010/11 was to explore new borrowing opportunities and to take out new loans at the appropriate time by monitoring the Capital Plan, interest rates and the Council's cash position. The Council took advantage of low borrowing rates in August by taking out a new 50 year loan of £5m at 3.92%.

Since then, the cost of borrowing for new loans has increased dramatically by 0.9% on average because of the Comprehensive Spending Review on 20 October 2010 when the Treasury instructed the Public Works Loan Board (PWLB) to increase rates to a level which was 1% above the central government borrowing rates.

Premature repayment rates did not benefit from the increase which potentially reduced the scope for debt rescheduling in the future. Debt rescheduling is where the Council takes an opportunity to repay a loan early to take advantage of interest rate movements. The main objective of debt rescheduling is to protect the Council from the risk of interest rate movements, to lower the long-term interest charges paid on its debt and to make sure the Council does not have to repay too many loans in any year. The Council did not undertake any premature repayment of loans or debt rescheduling during 2010/11.

As a result of new borrowing and maturities during the year, the average rate on the Council's debt decreased from 5.92% at 1 April 2010 to 5.84% at 31 March 2011 which will result in an annual saving of approximately £100k based on the level of borrowing at the end of 2010/11.

Appendix B shows how interest rates for borrowing have moved over the course of the year.

4. Investment Activity

The Council held average cash balances of £31m during the year. These represent the Council's Balances and Reserves, working cash balances and also where money has been borrowed before capital expenditure is incurred.

The Welsh Assembly Government's (WAG) revised Investment Guidance came into effect on 1 April 2010 and reiterated the need to focus on security (keeping the

money safe) and liquidity (making sure we never run out of cash) as the primary objectives of a prudent investment policy. The Council's aim was to achieve a return on investments in line with these principles.

The table below shows the level of the Council's investments at the start and the end of the year.

	Balance at 01/4/2009 £000	Investments Raised £000	Investments Repaid £000	Balance at 31/3/2010 £000
Investments	22,200	188,100	188,300	22,000

The Council's investment income for the year was £0.398m compared to £0.635m in 09/10 which meant that the low interest rates available in the market continued to have a significant impact on the investment return earned by the Council.

Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2010/11. Investments during the year included:

- Deposits with the Debt Management Office
- Deposits with other Local Authorities
- Call accounts and deposits with Banks and Building Societies

Credit risk:

Counterparty credit quality was assessed and monitored with reference to the following:

- credit ratings (Council's minimum long-term counterparty rating of A+ across all three rating agencies, Fitch, S&P and Moody's);
- GDP of the country in which the institution operates;
- the country's net debt as a percentage of GDP;
- any potential support mechanisms;
- share price.

Liquidity:

In keeping with the WAG's Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of overnight deposits and instant access call accounts.

Yield:

The Council sought to achieve the best return balanced against its objectives of security (credit risk management) and liquidity. The UK Bank Rate was maintained at 0.5% through the year. Short term money market rates remained at very low levels which had a significant impact on investment income. The Council also had a level of core cash which was not required in the short-term and this was invested for periods of up to 12 months to achieve a higher rate of return.

All investments made during the year complied with the Council's agreed Treasury Management Strategy, Prudential Indicators, Treasury Management Practices and prescribed limits. Maturing investments were repaid to the Council in full and in a timely manner.

5. Compliance with Prudential Indicators

The Council can confirm that it has complied with its Prudential Indicators for 2010/11, which were set in February 2010 as part of the Council's Treasury Management Strategy Statement. Details can be found in Appendix A.

In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2010/11. None of the Prudential Indicators has been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Compliance with Prudential Indicators 2010/11

1 Estimated and Actual Capital Expenditure

This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and, in particular, to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2010/11 Estimated Feb 10 £000	2010/11 Revised Feb 11 £000	2010/11 Outturn Mar 11 £000
Non-HRA	17,243	29,019	31,284
HRA	8,041	6,799	6,563
Total	25,284	35,818	37,847

NB The original estimate in Feb 10 was lower because it excluded specific grants for 10/11 as the Council had not received notification from the Assembly of these grants at that time.

2 Estimated and Actual Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments.

Ratio of Financing Costs to Net Revenue Stream	2010/11 Estimated Feb 10 %	2010/11 Revised Feb 11 %	2010/11 Outturn Mar 11 %
Non-HRA	6.52	6.41	6.45
HRA	21.66	21.90	20.90
Total	7.42	7.34	7.31

3 Capital Financing Requirement

3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is demonstrated in the following table:

Capital Financing Requirement - Non-PFI Basis	31/3/11 Estimated Feb 10 £000	31/3/11 Revised Feb 11 £000	31/3/11 Outturn Mar 11 £000	31/3/12 Estimated Feb 11 £000	31/3/13 Estimated Feb 11 £000
Non-HRA	136,599	134,267	131,684	147,048	144,546
HRA	27,247	25,991	25,451	26,947	27,648
Total	163,846	160,258	157,135	173,995	172,194
Borrowing			131,280	151,353	156,821

The move to International Financial Reporting Standards (IFRS) has resulted in the Council's Private Finance Initiative (PFI) being brought on the balance sheet and this has resulted in an increase in the CFR as illustrated in the table below:

Capital Financing Requirement - PFI Basis	31/3/11 Outturn Mar 11 £000	31/3/12 Estimated Feb 11 £000	31/3/13 Estimated Feb 11 £000
Non-HRA	131,684	147,048	144,546
HRA	25,451	26,947	27,648
PFI	11,336	11,302	11,302
Total	168,471	185,297	183,496

NB The outturn figures are taken from the pre-audited Statement of Accounts 2010/11 so they may be subject to change.

4 Affordable Borrowing Limit, Authorised Limit and Operational Boundary for External Debt

Summary Table:

2010/11	£000
Actual Borrowing	131,280
Authorised Limit	150,000
Operational Boundary	145,000

4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £150m for 2010/11.

4.2 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £145m for the financial year.

- 4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits; at its peak this figure was £132m.

5 Incremental Impact of Capital Investment Decisions

- 5.1 This is an indicator of affordability that shows the impact of approved capital investment decisions on Council Tax and Housing Rent levels when the budget for the year was set.

Incremental Impact of Capital Investment Decisions	2010/11 £
Increase in Band D Council tax	9.78
Increase in average weekly housing rents	0.68

There is no variation to council tax once it has been set prior to the commencement of the financial year.

6 Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 6.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	2010/11 Estimated %	2010/11 Actual Peak Exposure %
Upper Limit for Fixed Rate Exposure	100	100
Upper Limit for Variable Rate Exposure	40	0

7 Maturity Structure of Fixed Rate borrowing

- 7.1 This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 7.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit	Lower limit	Actual Borrowing as at 31/3/2011 £000	Percentage of total as at 31/3/2011 %
	%	%		
under 12 months	10	0	1,140	0.87
12 months and within 24 months	10	0	1,121	0.85
24 months and within 5 years	20	0	8,868	6.75
5 years and within 10 years	50	0	9,841	7.50
10 years and above	100	50	110,310	84.03
Total			131,280	100

8 Total principal sums invested for periods longer than 364 days

This indicator is set in order to allow the Council to manage the risk inherent in investments longer than 364 days. For 2010/11 this limit was set at £6m. At their peak, these investments totaled £0m.

9 Adoption of the CIPFA Treasury Management Code

The Council confirms its adoption of the CIPFA Code of Treasury Management at its Council meeting on 26 March 2002.

The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

Interest Rates 2010/11

Public Works Loan Board (PWLB) borrowing rates and UK Money Market rates during the year were:

Example PWLB Borrowing rates % (The rate at which the Council could borrow money from the Government)

Start Date	Length of Loan		
	1yr	19½-20 yrs	49½-50 yrs
01-Apr-10	0.81	4.21	4.63
30-Sep-10	0.64	3.86	4.02
31-Mar-11	1.89	5.27	5.24

Example Bank Rate, Money Market rates (The rate at which the Council could invest with banks)

Date	Bank Rate %	7-day Investment Rates %	1-month Investment Rates %	6-month Investment Rates %
01-Apr-10	0.50	0.35	0.42	0.81
30-Sep-10	0.50	0.25	0.51	1.01
31-Mar-11	0.50	0.50	0.54	1.11

Report To: CABINET

Date of Meeting: 6th September 2011

Lead Cabinet Member: Councillor J Thompson-Hill, Lead Member for Finance

Lead Officer: Paul McGrady, Acting Head of Finance & Assets

Title: Finance Report

1 What is the report about?

The report gives the latest forecast position for the council's revenue budget and performance against the budget strategy for 2011/12 as defined in the Medium Term Financial Plan. The report also gives a summary update of the Capital Plan, the Housing Revenue Account and Housing Capital Plan.

2 What is the reason for making this report?

The report advises members of the latest financial forecasts in order to deliver the agreed budget strategy for 2011/12.

3 What are the Recommendations?

That members note the latest financial position and progress against the agreed budget strategy.

4 Report details

The latest revenue budget forecast is presented as **Appendix 1** and shows a small overspend of £46k on council services, which is as a result of cost pressures in Housing (homelessness budgets). All other services continue to forecast balanced budgets. There are variances within some services compared to original forecasts but these are being managed within the services. Schools are currently forecast to be under spent by £150k. Further details of departmental budget performance are shown below. The Housing Revenue Account summary is also included in Appendix 1 for information but this is a separate fund and not part of the council's revenue budget.

Appendix 2 to this report gives an update showing progress against the agreed savings and pressures agreed as part of the 2011/12 budget setting process. In total, net savings of £6.359m were agreed and so far, £5.710m (90%) have been achieved with £0.589m (9%) still in progress. Savings in relation to the review of day care provision for older people (£60k) are not now thought to be fully achievable in the current financial year. The review is underway but will not deliver the total saving planned for this year. However, the total saving for the project of £120k over two years is thought to be deliverable and the service is confident this year's budget saving can be

added to the saving proposed in next year's plan. The shortfall this year will be covered from in-year cash savings.

A portfolio of evidence is being collected to demonstrate that all savings agreed as part of the service challenge process are those actually delivered.

Details of the progress delivering the Capital Plan are shown in **Appendix 4 and 5**.

5 How does the decision contribute to the Corporate Priorities?

Effective management of the council's revenue and capital budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6 What will it cost and how will it affect other services?

This section of the report is used to highlight any key variances from budget or savings targets, risks or potential additional savings that may arise throughout the year and to give a more general update on the Capital Plan and the Housing Revenue Account.

Revenue Budget - The revenue budget forecast to the end of July shows a projected budget pressure of £46k, which relates to **Housing Services**. There has been a budget pressure of approximately £50k within the service since last year, caused primarily by a legislative change and loss of grant. While a pressure is currently reported, action is being taken which should reduce the pressure and achieve a balanced budget. The final position for council funded housing services last year was an over spend of £18k.

Within **Highways & Infrastructure**, a one-off transfer of £250k has been made to corporate budgets in 2011/12 to recognise the impact of external grants awarded late in 2010/11. In recent years there have been large under spends on the Public/School Transport and Major Projects budgets (£260k in 2010/11), but at this stage the department reports that the budgets will not under spend this year. The savings target of £75k against street lighting as part of the collaboration project remains as in progress. Savings identified to date relate to the removal of pre-existing vacant posts and a reduction in the number of vehicles required. A proposed a new street lighting system will make the service more efficient and present opportunities for savings in the future. Therefore, some savings have been identified and implemented but work is ongoing as part of the wider Highways & Infrastructure Integration project to develop a suitable methodology to apportion the savings equitably between Denbighshire and Conwy. If the methodology does not enable the street lighting project to deliver the full amount this year, or if the £75k is not wholly delivered from the street lighting service, there are other collaboration work streams progressing ahead of the proposed programme which will be substituted.

Presently there is some pressure on the Building and Development Control income streams within **Regeneration, Planning & Public Protection**, but this is being offset by savings on the staffing and professional fees budgets across the department. The savings target of £40k against a review of Regeneration has now been achieved, as have management savings of £30k within Pest Control.

Adult Services budgets are shown as balanced but assume that £348k of Supporting People grant will be used to fund pressures within the year. This was part of the strategy agreed at the service challenge in 2010 to manage in-year cost pressures. However, the subsidy from Supporting People will be reducing and ultimately removed so underlying pressures will have to be addressed in the medium term. The budgets within Adults are still being reviewed as a consequence of the recent management restructure which introduced locality budgets. A detailed analysis of current demand and cost of care packages is being completed and will help to assess the impact of the current financial and service strategy. For example, to monitor the impact of the Welsh Government's Fairer Charging initiative (capping non-residential charges at £50 per week) and the impact of the investment in re-ablement services, Telecare and other initiatives.

Leisure, Libraries & Community Development are having to find considerable savings as part of the 2011/12 budget process in addition to budget pressures inherited from recently transferred services, namely the Llangollen and Rhyl Pavilions. Both have carried deficits in recent years (£110k in total in 2010/11) and the department is implementing proposals to ensure where possible, these budgets are on target this year. Supplementary funding of £65k has been provided to support the cost of dual use subsidy arrangements and to recognise other additional managerial costs.

The **Strategic HR** budget is forecast to be on target and assumes that the savings attributable to the newly implemented restructure of the department will be achieved. Work is continuing to develop future corporate savings in relation to reducing employment costs identified in the Medium Term Financial Plan.

Environment Services budgets are forecast to be on target but may improve during the year as the new waste disposal contract takes effect. The department has one-off costs to fund as part of a restructuring exercise that was agreed at the service challenge but could achieve a surplus once the full impact of the restructure is clear.

The savings targets within **Customer Services** total £271k this year. Of this, £126k is in relation to procurement efficiencies and is thought to be on target. It can be assessed more effectively as actual expenditure on consumables is reviewed later in the year. The remaining saving of £145k relates to a review of the service and savings of £131k have been delivered to date. There may be slippage on the remainder but this will be kept under review.

Capital Plan – Expenditure to date is £6m against a plan totalling £43.5m. Appendix 3 shows a summary of planned capital expenditure and funding sources. Appendix 4 gives an update of the major capital projects. The design of the Foryd Harbour Quayside Units, Public Square and Extended Wall project is being revised to reduce the forecast cost. This work is ongoing and a revised design and therefore cost will be available in early September.

The Housing Revenue Account (HRA) – The latest HRA forecast shows a planned in-year deficit of £1.119m against an original budget of £1.025m. The forecast deficit is currently £94k higher than the budget but will be brought back in line as all HRA expenditure is currently being reviewed. The planned in-year deficit arises as £1.3m of revenue budget is to be used to fund capital expenditure as part of the agreed Housing Stock Business Plan for 2011/12. The Business Plan remains viable and based on the latest forecast, the HRA balance carried forward will be £891k.

The Housing Capital Plan is forecast to be under spent by £679k compared to the budgeted estimate of £5.969m for the year. This is due to the delay in the commencement of a contract for major improvements. This will not delay the achievement of Welsh Housing Quality Standard by the end of 2012. A summary of the latest HRA position is shown in the table below. A more detailed appendix can be presented to cabinet as requested going forward.

Housing Revenue Account & Capital Plan Summary:

<u>Housing Revenue Account Summary 2011/12</u>	
Expenditure	£'000
Housing Management & Maintenance	5,298
Capital Charges	2,635
Subsidy	3,079
Provision for Bad Debts	26
Revenue Contribution to Capital	1,341
Total Expenditure	12,378
Income	
Rents	11,101
Garages	150
Interest	9
Total Income	11,260
In Year Deficit	1,118
HRA Balance Carried Forward	891

<u>Housing Capital Plan</u>	1,341 £,000
Planned Expenditure	5,487
Funded By:	
Major Repairs Allowance	2,400

Capital Receipts	
Borrowing	1,730
Total	5,487

7 What consultations have been carried out?

The revenue budget was recommended by cabinet and agreed formally by council after an extensive round of service challenges. The capital plan was approved by council following scrutiny by the Capital & Assets Strategy Group and recommendation by cabinet. The Housing Revenue Account has been approved following consultation with elected members and tenant federation representatives.

8 Chief Finance Officer Statement

It is crucial that the agreed financial plan for the year is delivered and so any additional cost pressures or savings that may not be achieved must be reported early and corrective action taken. It is a significant achievement to have already delivered most of the savings target for the year. Those savings that are in-progress will continue to be reviewed over the coming weeks to ensure all remain achievable in the current year. A review of savings achieved so far and those proposed for future years will form a key part of the next budget and service challenge rounds in the autumn.

It should be noted that as the financial year progresses, corporate and departmental financial planning assumptions will become clearer and forecasts more consistent. It is likely that some departments will begin to declare under spends in the latter part of the year. Additionally, some corporately held budgets for specific provisions that are committed in future years may generate a cash surplus in the current year. The use of any in-year surpluses must be carefully considered in relation to the council's Medium Term Financial Plan and in the context of continuing budget pressures.

Economic Commentary & Treasury Management Update

Financial markets are volatile at the moment. The stresses are most extreme in Europe where the lack of real progress in resolving the sovereign debt problem is affecting even the stronger countries. The debt problems have been well publicised with the situation in Greece being the most difficult but with significant risks also facing the Portuguese, Italian and Spanish economies. Across the Atlantic, one of the credit rating agencies, Standard & Poor's has downgraded the long term sovereign rating of the USA. This reflects the agency's opinion that agreed public sector spending cuts fall short of what is required to stabilise the country's debt position. In the global economy, individual country sovereign debt or rating issues become a wider problem as international banks become more exposed to risks.

Having reviewed all of the credit indicators, our advisors Arlinglose, do not believe that there are any solvency issues with the banks that the council invests with. However, as a prudent response to the volatility in the markets, the council has agreed with its advisors that all new investments are limited to a maximum term of six months instead of the twelve month limit previously in place.

The council's investments outstanding currently stand at £27.5m at an average rate of 1.42% of which £16m is invested for twelve months. When these investments mature, the council will only be able to re-invest them for a period of 6 months at a rate which will be approximately 0.6% lower. This will reduce annual investment income by approximately £96k which is nearly a quarter of the total budgeted investment income of £400k.

Total borrowing currently stands at £136m at an average rate of 5.72% and this includes a new loan which was taken out recently for £5m over 10 years at a rate of 2.46%. This represented good value in a market where borrowing rates are expected to rise.

9 What risks are there and is there anything we can do to reduce them?

This is the most challenging financial period the council has faced and failure to deliver the agreed budget strategy will put further pressure on services in the current and future financial years. Effective budget monitoring and control and early reporting of variances will help ensure that the financial strategy is achieved.

Specific risks are apparent when dealing with capital projects and can include expenditure or time overruns, funding issues and other non-financial considerations. A robust approval mechanism and close financial monitoring and reporting, along with effective project management procedures, help to minimise these risks.

The HRA is undertaking a considerable capital investment to improve the housing stock and using borrowing and grants to fund the works. Any borrowing must be affordable and the regular monitoring and annual approval and viability assessment of the Housing Stock Business Plan ensures that this is so.

10 Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.

Appendix 1

DENBIGHSHIRE COUNTY COUNCIL REVENUE BUDGET MONITORING REPORT 2011/12

	Budget			Projected Outturn			Variance			Variance Previous Report £'000	
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		%
Business Planning & Performance	2,761	-1,867	894	2,761	-1,867	894	0	0	0	0.00%	0
Corporate Governance	2,111	-541	1,570	2,111	-541	1,570	0	0	0	0.00%	0
Finance & Assets	14,605	-7,384	7,221	14,553	-7,332	7,221	-52	52	0	0.00%	0
Highways & Infrastructure	19,728	-9,038	10,690	19,728	-9,038	10,690	0	0	0	0.00%	0
Regeneration, Planning & Public Protection	5,507	-1,987	3,520	5,402	-1,882	3,520	-105	105	0	0.00%	0
Adult & Business Services	45,849	-14,100	31,749	46,735	-14,986	31,749	886	-886	0	0.00%	0
Children & Family Services	9,476	-666	8,810	9,909	-1,099	8,810	433	-433	0	0.00%	0
Housing Services	1,899	-1,528	371	1,631	-1,214	417	-268	314	46	12.40%	50
Leisure, Libraries & Community Development	10,410	-4,862	5,548	10,343	-4,795	5,548	-67	67	0	0.00%	0
Strategic HR	1,613	-370	1,243	1,613	-370	1,243	0	0	0	0.00%	0
Customer Services	3,576	-838	2,738	3,576	-838	2,738	0	0	0	0.00%	0
Environment	19,545	-7,490	12,055	19,545	-7,490	12,055	0	0	0	0.00%	0
Modernising Education	1,302	0	1,302	1,302	0	1,302	0	0	0	0.00%	0
School Improvement & Inclusion	7,232	-2,702	4,530	7,232	-2,702	4,530	0	0	0	0.00%	0
Total Services	145,614	-53,373	92,241	146,441	-54,154	92,287	827	-781	46	0.05%	50
Corporate	44,310	-37,058	7,252	44,310	-37,058	7,252	0	0	0	0.00%	0
Precepts & Levies	4,549	0	4,549	4,549	0	4,549	0	0	0	0.00%	0
Capital Financing	12,104	0	12,104	12,104	0	12,104	0	0	0	0.00%	0
Total Corporate	60,963	-37,058	23,905	60,963	-37,058	23,905	0	0	0	0.00%	0
Council Services & Corporate Budget	206,577	-90,431	116,146	207,404	-91,212	116,192	827	-781	46	0.04%	50
Schools	65,845	-6,846	58,999	65,695	-6,846	58,849	150	0	-150	-0.25%	0
Total Council Budget	272,422	-97,277	175,145	273,099	-98,058	175,041	977	-781	-104	-0.06%	50
Housing Revenue Account	12,327	-11,302	1,025	12,318	-11,260	1,058	-9	42	33	3.22%	0

* Note 1 - budget adjustments required to account for use of Supporting People grant and income budgets on Telecare, charges and contributions for care packages and receivership income.

* Note 2 - budget adjustments are required to account for new Families First Grant.

* Note 3 - budget adjustments required to account for changes in funding streams and costs.

Medium Term Financial Plan Update 2011/12

<u>Ref</u>	<u>Action</u>	<u>Status</u>	<u>Saving</u> <u>£'000</u>	<u>Total</u> <u>£'000</u>
General				
A1	Workforce Budget Reduction 1%	Achieved	125	
A4	Reduce staff advertising	In Progress	150	
A5	Procurement savings	In Progress	200	
A7	Costs of Democracy	Achieved	25	
A8	Review of Senior Management & Exec PAs	Achieved	365	
A9	Reduce budget for Major Events	Achieved	40	
DS1	Reduction in School Roles	Achieved	340	
DS2	Removal of Unused School Pay Budget Provision	Achieved	620	
G1	Removal of one-off Budget 2010/11	Achieved	2,185	4,050
Asset Review				
B1	Office accommodation	Achieved	80	80
Support Services Review				
C1	HR review	Achieved	50	
C12	Insurance Tender	Achieved	50	
C2	Property services - phase 1	Achieved	100	
C3	Legal services - phase 1	In Progress	42	
C4	Democratic support	Achieved	52	
C5	ICT/IM	Achieved	131	
C5	ICT/IM	In Progress	14	
C6	ICT/IM	In Progress	126	
C7	Finance - Financial Management	Achieved	70	635
Service Challenges				
Leisure, Libraries & Community Development				
Da1	Leisure services- Management System	Achieved	40	
Da2	Back office co-located with Youth	Achieved	20	
Da5	Remove subsidy by increasing income	Achieved	50	
Dk2	Merger of N Wales Bibliographic Services	Achieved	20	
Dk3	Running Costs / Income	Achieved	27	
Dk4	Family Info and Archives review	Achieved	35	
Dk5	Review of housesbound service	In Progress	10	202
Environmental Services				
Db11	Outsource Propagation	Achieved	30	
Db13	Cemetaries charging -	Achieved	34	
Db16	Countryside staff reduction	Achieved	24	
Db17	Tourism Service Redesign	Achieved	20	
Db18	Regeneration Service Redesign	Achieved	23	
Db2	Renegotiate recycle and disposal contracts	Achieved	220	
Db5	Regional Waste Project Procurement Budget	Achieved	94	
Db8	Reduce Overtime (Street Cleansing)	In Progress	20	
Db9	Fleet Efficiency	Achieved	50	
Db1/12	Other	Achieved	26	
Db14	WAG Waste Target Pressures	Achieved	-247	
Db15	Free School Meals Cost Pressures	Achieved	-130	164
Planning, Regeneration & Regulatory Services				
Dc1	Review of Regeneration	Achieved	40	
EC21	Review Pest Control	Achieved	30	
EC22	Review Development Control	In Progress	20	
EC25	Review of CCTV service	Achieved	20	
EC26	Review of Pollution Control	Achieved	30	
EC27	Review of Trading Standards	Achieved	60	200

		<u>Status</u>	<u>Saving</u> <u>£,000</u>	<u>Total</u> <u>£'000</u>
Highways & Infrastructure				
Dd1	Road Safety	Achieved	45	
EC11	Street Lighting	In Progress	75	
EC14	Street Works	Achieved	20	
EC16	Winter Maintenance	In Progress	10	150
Adult & Business Services				
Df1	Cefndy Healthcare	Achieved	60	
Df10	Restructure part of service	Achieved	53	
Df16	Administration Rationalisation	Achieved	47	
Df17	Systems Thinking and Vacancy Control	Achieved	40	
Df19	Workforce Development Review	Achieved	30	
Df6	Day care - review and rationalise	Deferred	60	
Df8	Impact of investment in reablement	In Progress	75	
Df9	Residential Care - Impact of Extra Care	Achieved	60	
Df99	Compensating savings within the services	In Progress	566	
Df5,12-15	Other	Achieved	51	
P1/4/6	Loss of Grant	In Progress	-294	
P2/3/5	Demographic Change	In Progress	-272	476
School Improvement & Inclusion				
Dh1	Service Restructure	Achieved	261	261
Children & Family Services				
Dj1	Management Changes	Achieved	105	
Dj10	TAPP Team change in funding	Achieved	93	
Dj3/6/9/13	Other Savings	Achieved	56	
Dj5	Re-shaping Suoervised Contact Service	In Progress	33	
Dj2	Admin Rationalisation	Achieved	40	
Dj20	Legislative	In Progress	-14	
Dj16/17	Social Worker & Staffing Pressures	In Progress	-117	
Dj18	In-house Fostering	In Progress	-62	
Dj19	Direct Payments	In Progress	-24	110
Housing Services				
Dz1	Various small savings	In Progress	31	31
Total Savings 2011/12				6,359
Summary:			£'000	%
Savings Achieved			5,710	90
Savings In Progress			589	9
Savings Not Achieved/Deferred			60	1
Total			6,359	

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

APPENDIX 3

		2011/12	2012/13	2013/14	2014/15
		£000s	£000s	£000s	£000s
Capital Funding:					
1	General Funding:				
	Unhypothecated Supported Borrowing	9,025	4,445	4,431	3,844
	General Capital Grant	3,564	1,565	1,369	1,174
	General Capital Receipts	2,542			
	Earmarked Capital Receipts	308	0	0	0
		15,439	6,010	5,800	5,017
2	Prudential Borrowing	12,077	0	0	0
3	Reserves and Contributions	1,413	0	0	0
4	Specific Grants	15,565	8,452	0	0
	Total Finance	44,494	14,462	5,800	5,017
	Total Estimated Payments	-43,521	-8,462	0	0
	Contingency	-973	-1,000	-1,000	-1,000
	Earmarked Contingency				
	Unallocated Reserve	0	0	0	0
	Funding available	0	5,000	4,800	4,017

Appendix 4 Major Capital Projects Update

Rhyl Coastal Defence

Budget	£10.0m
Funding	WAG Grant
Expenditure to Date	£2.507m
Comments	<p>This 100% Welsh Government funded £10m coastal defence scheme will reduce the flood risk to some 2,000 properties in West Rhyl. Approval for £7.04m of works for phases 1 & 2 has been given by the Welsh Government. These are the works to the inner harbour and river training wall.</p> <p>The works are underway and are anticipated to be complete by March 2012.</p> <p>Approval for phase 3 of the works, the proposed stepped revetment towards the drift park is still awaited. The Welsh Government has asked the Environment Agency (EA) to carry out a review of the design which has delayed the start of this phase. The EA have advised that the Council review the flood risk using less pessimistic design criteria and if phase 3 is still required, to consider beach re-charge options.</p> <p>A meeting to discuss preliminary findings is programmed for 5 September 2011.</p>
Forecast Expenditure 11/12	£5.2m

Foryd Harbour Cycle & Pedestrian Bridge

Budget	£4.2m
Funding	WAG Grant
Expenditure to Date	£0.379m
Comments	<p>Detailed design is underway and detailed costs are anticipated to be available in September.</p> <p>Construction cost is currently projected to be slightly over budget largely due to increases in material costs since the original estimates two years ago. Efforts are being directed at Value Engineering to bring the scheme back within budget.</p> <p>A Section 8 agreement with Conwy CBC was signed agreeing maintenance responsibilities for the bridge. This was a prerequisite in order to publish the Section 106 order to cross a navigable watercourse which was advertised in late August. There will be a six week consultation period.</p> <p>The Council will seek approval to proceed to construction from the Welsh Government following the consultation period; however we may have to wait until the Section 106 order is ratified by the Minister, which will take a minimum of a further two months. Off site prefabrication will commence late 2011. It is anticipated commencement of on-site works will complement the Public</p>

	Square scheme to share site costs. This will likely be mid 2012 with completion by March 2013.
Forecast Expenditure 11/12	£1.2m

Foryd Harbour Quayside Units, Public Square & Extended Wall

Budget	£4.4m
Funding	WAG Grant
Expenditure to Date	£0.120m
Comments	<p>A meeting with the Welsh Government and the Welsh European Funding Office has taken place, where the project team shared design options for consideration. As a result of the meeting, the Authority was invited to submit a revised (lower cost) design which fully supports the working harbour and provides a smaller building on the harbour square.</p> <p>An informal Cabinet session took place at the end of July, where the outcome from the earlier meeting with the external grant funding bodies and design options was shared with Members.</p> <p>The Project team is now working on a design and estimated cost, and will submit this information to the Welsh Government by 8 September 2011. The Welsh Government will assess the information provided and a further meeting will be scheduled with the Welsh Government and the Welsh European Funding Office to discuss the way forward.</p> <p>In the meantime, the design option selected will be worked up for a planning submission by 17 October 2011 to ensure that the project timescales are managed.</p> <p>The monthly meetings with Foryd Harbour Users Forum are still taking place, where up to date information regarding the project is shared with members of the group.</p>
Forecast Expenditure 11/12	Work as above is on-going to determine this figure

Apollo Cinema

Budget	£2.5m
Funding	£1.2m SRA Grant, £1.1m Private Finance , £0.200m DCC
Expenditure to Date	£0.617m (DCC & SRA)
Comments	<p>The Apollo Cinema project is now complete apart from snagging items. The cinema opened for business on 15 August 2011.</p> <p>The external screen and bowl area are subject to further works and the construction of the infrastructure required will take place over the winter months in preparation for operation at the start of the 2012 season. In the meantime, Apollo Rhyl's management team intend to structure a programme of events in the open space. Feedback on the project is very positive and the cinema is trading well. An official opening is to be held on 22 September 2011.</p>
Forecast Expenditure 11/12	£0.780m (DCC & SRA)

Property Acquisition & Demolitions

Budget	£3.1m
Funding	£2.2m SRA Grant ; DCC Prudential Borrowing £915k
Expenditure to Date	£2.0m
Comments	<p>Council have previously approved the purchase of a number of properties in Rhyl with a view to demolition and the provision of public realm works:</p> <p>88 West Parade Transfer of ownership is now programmed for Mid September. Demolition is planned during October/November 2011.</p> <p>24 West Parade Exchange of contracts is planned for early September.</p> <p>26 Abbey Street Transfer of ownership to the Authority proceeding.</p> <p>28 Abbey Street Exchange of contracts was due to take place in the last week of August.</p> <p>8 Brighton Road This property was acquired by the Authority as part of a larger project and subsequently renovated. The demolition of adjacent properties and public realm works has now been completed. The sale of 8 Brighton Road has been agreed.</p>
Forecast Expenditure 11/12	£1.3m

CABINET: FORWARD WORK PROGRAMME

27 SEPTEMBER 2011	
Proposed Joint Conwy & Denbighshire Adoption Panel	Councillor M M Jones Julie Moss, Corporate Parenting
Regional Education Project	Councillor E W Williams H Williams
Edeyrnion Education Review	Councillor E W Williams H Williams / J Walley
Phase II Construction of the Foryd Harbour Walking and Cycling Bridge	Councillor S Frobisher / Councillor D A J Thomas S Davies / Bob Humphreys
Rhyl Going Forward Delivery Plan	Councillor D A J Thomas T Booty
Discussions on DCC land in Rhyl on Quay Street and Wellington Road - Ocean Plaza Development	Councillor P J Marfleet P McGrady / C Davies / K Bowler
New Work Connections: Training and Education - Procurement of accredited training courses across the project – up to 1620 people could be involved in the training e.g. a one day confidence building course or an NVQ Level 4 course.	Councillor P A Dobb Gwynfor Griffiths / Carina Edwards 708307
Regional Commissioning Hub – Outline Business Case	Councillor P A Dobb S Ellis
Village Green Applications - land known as "The Park" off Ffordd Elan, Rhyl	Councillor S Frobisher S Cordiner
Monitoring Performance Against the Corporate Plan	Councillor H H Evans T Ward
Progress on the LDP and arrangements for the LDP Joint Officer Members Steering Group	Councillor S Frobisher G Boase / A Loftus
Recommendations from Scrutiny Committees	Scrutiny Officers
25 OCTOBER 2011	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Capital Plan 2011-2012	Councillor J Thompson Hill P McGrady
Scala Cinema and Arts Centre: Update	Councillor P A Dobb P McGrady
Agreement to Consult on the Proposed Disposal of Middle Lane, Denbigh	Councillor P J Marfleet J Walley / J Williams
Options for Prestatyn Library Relocation Part II	Councillor P J Marfleet J Groves
Waste Project - 2nd Inter Authority Agreement which sets out the respective rights and obligations of each Council for the implementation and operational phases of the project – Part II	Councillor S Frobisher S Parker / J Espley / S Thompson
Waste Project – Final Business Case – Part II	Councillor S Frobisher S Parker / J Espley / S Thompson
Recommendations from Scrutiny Committees	Scrutiny Officers

22 NOVEMBER 2011	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Community Capital Grants	Councillor D A J Thomas M Dixon / Brian Evans
Denbigh Town Plan	Councillor D A J Thomas M Dixon
Supporting People Strategy Update and Operational Plan 2012-13	Councillor P A Dobb Gary Major
Regional Support Services Project	Councillor P J Marfleet B E Jones
HR / People Strategy	Councillor P J Marfleet L Atkin
Recommendations from Scrutiny Committees	Scrutiny Officers
13 DECEMBER 2011	
Finance 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
Ruthin Town Plan	Councillor D A J Thomas M Dixon
DCC & CCBC Highways and Infrastructure endorsement of the consultation process	Councillor S Frobisher B E Jones /
Monitoring Performance Against the Corporate Plan	Councillor H H Evans T Ward
Recommendations from Scrutiny Committees	Scrutiny Officers
24 JANUARY 2012	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Corwen Town Plan	Councillor D A J Thomas M Dixon
Prestatyn Town Plan	Councillor D A J Thomas M Dixon
Recommendations from Scrutiny Committees	Scrutiny Officers
21 FEBRUARY 2012	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Rhuddlan Town Plan	Councillor D A J Thomas M Dixon

St Asaph Town Plan	Councillor D A J Thomas
Recommendations from Scrutiny Committees	Scrutiny Officers
20 MARCH 2012	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Corwen Town Plan	Councillor D A J Thomas M Dixon
Llangollen Town Plan	Councillor D A J Thomas M Dixon
Monitoring Performance Against the Corporate Plan	Councillor H H Evans T Ward
Recommendations from Scrutiny Committees	Scrutiny Officers