

CABINET

Minutes of the Cabinet meeting held at 10.00 a.m. on Tuesday 27 September, 2011 in Conference Room 1a, County Hall, Ruthin.

PRESENT

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

Observers: Councillors W.L. Cowie, M.LI. Davies, G.C. Evans, R.L. Feeley, H.LI. Jones, D.I. Smith and C.H. Williams.

ALSO PRESENT

Chief Executive (MM); Corporate Directors: Learning & Communities (HW); Demographics, Wellbeing & Planning (SE), and Business Transformation & Regeneration (BJ); Acting Head of Corporate Governance (JK); Acting Head of Finance and Assets (PM); Head of Modernising Education (JW); Acting Head of Adult and Business Services (HT); Head of School Improvement and Inclusion (KE); Corporate Improvement Manager (TW) and Committee Administrator (KEJ).

WELCOME

Councillor H.H. Evans welcomed everyone to the meeting, particularly members of the public present.

1 APOLOGIES

There were no apologies.

2 DECLARATION OF INTERESTS

No declaration of personal or prejudicial interest had been raised.

The Acting Head of Corporate Governance (AH:CG) stated that Councillors H.H. Evans and E.W. Williams had sought advice regarding their position in respect of the item relating to the Edeyrnion Area Review. The AH:CG advised that the schools under consideration did not fall within the respective wards of those councillors and as such there was no personal interest for those councillors to declare.

RESOLVED that Cabinet note there were no declarations of interest.

3 URGENT MATTERS AS AGREED BY THE CHAIR

No urgent matters had been raised.

4 MINUTES OF LAST MEETING

The minutes of the Cabinet meeting held on 6 September 2011 were submitted.

Matters Arising –

Page 10 – Item No. 12: Asset Transfer Freehold of Llangollen Town Hall – Councillor P.J. Marfleet reported that during a meeting of Llangollen Town Council held the previous week, the Town Council had unanimously agreed to proceed to the next stage in terms of the freehold of Llangollen Town Hall being transferred to the Town Council.

RESOLVED that the minutes of the meeting held on 6 September 2011 be approved as a correct record and signed by the Leader.

5 EDEYRNION AREA REVIEW: RECOMMENDATIONS FOLLOWING FORMAL CONSULTATION

[Prior to consideration of this item Councillor H.H. Evans sought assurances from Cabinet members that they had been given enough opportunity to study all of the information relating to this item in order to make a fully informed decision. Cabinet members confirmed that they had no concerns in that regard and were fully aware of all the issues raised.]

Councillor E.W. Williams presented the report seeking Cabinet's approval of proposals for school reorganisation in the Edeyrnion Area as detailed in paragraphs 3.1, 3.2 and 3.3 of the report. On 24 May 2011 Cabinet had approved formal consultation on the following two proposals –

Proposal 1 – to close Ysgol Maes Hyfryd and Ysgol Llandrillo on 31 August 2012 and establish a new Welsh Medium area school serving the communities of Cynwyd and Llandrillo on the existing school sites from 1 September 2012 moving to a single site in Cynwyd following the completion of extension and refurbishment works. The Cynwyd site would be the current Ysgol Maes Hyfryd site following expansion and refurbishment works.

Proposal 2 – to close Ysgol Glyndyfrdwy on 31 August 2012 and to transfer pupils to Ysgol y Gwernant, Llangollen subject to parental preference.

The report detailed the responses received during the consultation period; provided a response from officers to key issues raised, and detailed the action undertaken as a result. Cabinet had been asked to consider the responses and the recommendations to proceed on the basis of those proposals with savings generated from that review being used for prudential borrowing to complete works at the new area school, and if appropriate to approve the publication of a statutory notice.

Councillor E.W. Williams stated that it was with great sadness that he presented the report and the proposals but he had thoroughly considered all aspects of primary school provision in the Edeyrnion area and difficult decisions needed to be made. He felt very passionately about the Welsh language, communities and education but sometimes it was not possible to ensure the welfare of all three and compromises had to be accepted. As a consequence of the proposals he hoped that the high standard of education continued in the Edeyrnion area for many years to come.

Councillor Williams explained the context of reviewing schools and education provision in the overall management of the Modernising Education programme, particularly highlighting that future funding for education was dependent on councils managing that process effectively and tackling issues such as surplus places. There was a huge problem in terms of surplus places in the Edeyrnion area which had to be addressed together with issues surrounding the recruitment of headteachers in smaller schools. In outlining the recommendations Councillor Williams explained his change of view since the last meeting when initially he had considered that federating Llandrillo and Cynwyd School had been a better option. Welsh language was a fundamental issue and the first recommendation to close the two Welsh schools in Llandrillo and Cynwyd would allow for the establishment of a new Welsh medium school serving those communities. The second recommendation would allow for pupils from Ysgol Glyndyfrdwy to transfer to Llangollen to continue their Welsh medium education. Not proceeding with those proposals might result in funding not being forthcoming from the Welsh Government which would adversely affect Welsh language provision in the north of the county. Councillor Williams also reported upon the way primary schools were working together within clusters for the benefit of those schools. The third recommendation to use savings for prudential borrowing would enable that money to be spent on improving the new area school and would benefit the Edeyrnion area. Reference had also been made within the report to the impact on nursery and Ti a Fi provision and much work would be done to ensure that preschool children could access those facilities. In closing Councillor Williams reiterated his sadness over the proposals but highlighted the need to ensure the highest standard of education possible for children and he firmly believed in the proposals put forward. The Head of Modernising Education added that there had been substantial feedback from the communities which had been taken into account. The main areas of concern had focused on the impact on communities but the schools review had to be considered in terms of the educational impact.

At this juncture Councillor H.H. Evans provided Cabinet members with the opportunity to speak on the proposals and to raise any questions. Members acknowledged the tremendous amount of work involved in the process and the detrimental impact on those communities resulting from school closures as referenced within the report and impact assessments undertaken on the community and Welsh language. Members highlighted the importance of ensuring that the authority took a role in working with communities to minimise the impact of losing a school if the proposals went ahead. It was noted that members had been involved in visiting schools subject of the review and had been warmly welcomed. Councillor M.M. Jones reported back on her positive experiences of happy and active schools and also highlighted their educational achievements in terms of positive Estyn inspections. Members also stressed the importance of ensuring continuity of Welsh medium education if pupils transferred to other schools. Whilst acknowledging the

wider communities issues members also accepted that a decision needed to be made based upon what was best in terms of education provision in the area as opposed to community impact and the need to manage an effective modernisation programme for schools countywide. In considering the report members sought assurances regarding the process undertaken; the robustness of the funding package and its future sustainability; involvement of the public in contributing to the impact assessment on the community; school transport issues; requirements for the foundation phase, and the implications of the proposals not being approved. Councillor E.W. Williams and officers responded to members' questions and comments as follows –

- confirmed that a national process had been followed in reviewing school provision and the process had been scrutinised by the Communities Scrutiny Committee who had been satisfied with the actions to date
- elaborated upon the next stage of the process should Cabinet agree the recommendations detailed within the report, including the fact that in the event of an objection being received in response to the statutory notice on the proposals a Ministerial decision would be required
- reported upon the categorisation of school bandings being introduced which may not reflect Estyn Inspection findings within schools
- parental preference prevailed in Wales and there was a risk that parents would enrol their children at other schools, including moving to an English medium school; if the proposal went ahead the authority would work with parents to explain the importance of language continuity and a commitment had been given to accommodate those children within the county's schools
- confirmed the basis of the funding package based on current information resulting in a total annual revenue saving of £92,243 to be used to fund prudential borrowing of approximately £1.2m to cover the costs of the extension and refurbishment works at the proposed new area school; full Council had set the borrowing limit and the proposal to borrow £1.2 would still leave the authority significantly below that limit; it was envisaged that repayments would be approximately £70k p.a. over a period of 25 – 30 years;
- there had been some criticism that the authority had carried out the impact assessments so an independent assessment had been commissioned. However in view of the tight timescales involved there was a feeling from the community that they had not been given the opportunity to influence the assessment, although the consultant had been given sight of all the responses and feedback received to date upon his engagement
- confirmed there would be a definite impact on the community arising from the proposals but it was suggested that the council worked with the community to minimise that impact involving investing in community issues and putting things in place
- the council's school transport policy provided free transport for pupils who met the eligibility criteria to their nearest suitable school; in terms of nursery provision the children would be transported to school but there was no provision to transport them home
- there was a requirement in the foundation phase for pupils to learn about local and wider communities and a number of schools who attracted pupils

from a wider catchment area planned the curriculum to ensure that fact was acknowledged and focused on smaller surrounding communities as well as larger communities

- if the proposals did not go ahead there would be a state of uncertainty for schools which would have to be addressed in the near future in view of issues around the sustainability of the schools in the Edeyrnion area.

Councillor H.H. Evans again highlighted the complex issues involved leading to a difficult decision for Cabinet to make and congratulated the local people on the issues they had raised. He also referred to the national expectations from Estyn and managing school places in the most effective way. Most of the correspondence he had received from local people had raised concerns about the community impact but he stressed that education must be put before community impact advising that children could not adapt but communities could. He felt that the council had a duty to do what was best for the children and that the proposals provided an opportunity for the council to invest in schools. In view of future financial pressures and existing pressures in terms of the reduction to the schools maintenance budget there was also a need to ensure the best use of revenue.

At this point Councillor H.H. Evans invited other councillors who were not Cabinet members to speak.

Councillor C.H. Williams spoke in opposition to the recommendations for school closure. He highlighted the wealth of local opposition to the proposals indicating that there were members of the public present at today's meeting who strongly opposed the school closure proposals. Councillor Williams referred to his involvement within the process and accepted that, in terms of the representations made, great emphasis had been placed on the detrimental impact that school closures would have on the community. However he also argued that the standard of education would not suffer within those schools if they remained open and reported upon the educational success and achievements of his own children following their education at a small rural school. He further argued that Ysgol Llandrillo was not so small as to be unsustainable and indicated that he would only agree to school closures if it was proved that pupils' education would suffer if the schools remained open.

On behalf of himself and members of the public, Councillor Williams took the opportunity to raise a series of questions with the Lead Cabinet Member for Education and the officers present covering various aspects of the Edeyrnion area review of schools. The following responses to questions were provided –

- the council had not set a figure on the minimum number of pupils in a school but pupil projections were decreasing in Llandrillo and the authority would be failing pupils if they waited until the school was no longer sustainable thereby putting pupils' education at risk;
- federating schools was only an option where there were willing partners on both sides which had not been the case in this instance
- federation of schools could only currently be progressed by the Governing Bodies of each school. However the Welsh Government was currently in the process of providing local authorities with the power to create federations. If the Governing Bodies of the other schools subject to review

decided not to progress the proposals to federate the council would then seek to use the new powers to create the federations

- clarified the position regarding funding to progress the proposals in light of the reduction to the 21st Century Schools funding with prudential borrowing being used as a means to invest in a new area school and savings arising out of the review being used to fund the repayments leaving no extra cost to the authority or the schools
- the proposals for Ysgol Carrog and Ysgol y Caer Drewyn could potentially take place over 5 – 7 years and had been referenced within the project plan
- initial engagement with the public and stakeholders had taken place to relay key issues the authority was trying to address and potential ways of resolving those issues; formal consultation had only taken place when firm proposals had been agreed for that purpose so due process had been followed. In light of a Ministerial decision all aspects of the process would be examined and if it was found that due process had not been followed the authority would be unable to proceed
- further detailed costing of the proposal had not been made public as it had been based on salary costs but plans had been drawn up and the authority was aware of the budget position.

[At this juncture Councillor C.H. Williams suggested that future provision be made for a representative from the public to speak at Cabinet meetings in cases such as this. The Acting Head of Corporate Governance advised that there was currently no protocol for members of the public to speak at Cabinet meetings but confirmed that the issue could be considered in the future if members wished to introduce that practice.]

Councillor H.LI. Jones took the opportunity to ask questions regarding (1) what he considered to be a vague response to the issue that children would suffer in large classrooms, (2) clarification regarding ownership of the land on which Ysgol Glyndyfrdwy had been built, and he also raised concerns regarding Ti and Fi provision and future location. The officers responded to those questions as follows –

- there was an obvious disadvantage to children being taught in really large groups but Denbighshire's policy was to prevent that and it was beneficial for children to be taught in age specific groups rather than across ages
- in terms of the sale of Glyndyfrdwy initial consultations with the Asset Team had indicated that the council owned both the land and the building but searches would be undertaken before the sale was progressed.

Councillor H.LI. Jones also voiced his strong opposition to the school closure and his sense of unease over the modernising education issue. He felt it was a grave day for the Edeyrnion and Corwen area and that the proposals signalled the end for such communities and villages which would slowly die. Councillor Jones felt that the council did not realise the future implications of taking such action which would be extended to all areas of the county through the modernisation process which would also lead to conflict in other areas. He also felt that finance had played a large part within the process. In responding to some of Councillor Jones's comments, Councillor H.H. Evans emphasised that the process had been completely open and

transparent and that the authority had a duty to review all areas within the county with reviews having already been undertaken in Llangollen, Prestatyn and Rhyl and that Edeyrnion had not been singled out. Modernising education was about planning for the future and providing the best education possible for children and young people. The Corporate Director Learning and Communities outlined the review of education provision within the county to date with an emphasis on standards of education and future sustainability. He added that there would be new requirements on schools and school leadership was critical to the success of schools.

Councillor M.LI. Davies agreed that it was a sad day and he was not convinced that larger classes would result in better learning for pupils. He also queried travel arrangements for nursery provision and referred to the problems of recruiting headteachers. In terms of nursery provision Councillor E.W. Williams confirmed that the authority would pay for home to school transport but not school to home which would prove a disadvantage. The Head of School Improvement and Inclusion highlighted the changing position of headteachers and the importance of the NPQH (National Professional Qualification for Headship) in view of the skills required.

Having considered the report and all associated paperwork in detail, and having heard the views presented during the meeting, members accepted that school closures would have an impact on the local community and sympathised with all those in opposition to the proposals. However, Cabinet considered the most important factor when considering the future of a school was the ability to safeguard and sustain high quality education provision and agreed that the proposals presented the best option available in order to provide sustainable high quality education provision in the Edeyrnion area.

In summing up Councillor E.W. Williams sympathised with the communities but in the interests of providing the best education provision possible for pupils he moved the three recommendations as detailed within the report. In respect of the recommendation 3.2 he made an amendment to add the date "...from 1 September 2012". Councillor H.H. Evans seconded those recommendations and upon being put to the vote it was –

RESOLVED that Cabinet –

- (a) *approves the publication of a statutory notice on the proposal to create a Welsh Medium area school serving the communities of Cynwyd and Llandrillo on the existing school sites from 1 September 2012 moving to a single site in Cynwyd following the completion of extension and refurbishment;*
- (b) *approves the publication of a statutory notice on the proposal to close Ysgol Glyndyfrdwy and transfer pupils to Ysgol y Gwernant, Llangollen subject to parental preference from 1 September 2012, and*
- (c) *agree that the savings generated from the review of primary school provision in the Edeyrnion area is used for prudential borrowing to secure the capital necessary to complete the extension and refurbishment works at the new area school thereby enabling the new school to relocate to one site in Cynwyd no later than September 2014.*

At this juncture (11.30 a.m.) the meeting adjourned for a refreshment break.

Upon resuming the proceedings Councillor H.H. Evans advised that it was the Acting Head of Corporate Governance's (AH:CG) last Cabinet meeting before she retired from the authority. On behalf of himself and the Cabinet, Councillor Evans thanked the AH:CG for her valuable advice, particularly over the last nine months and paid tribute to her service with the authority. He also took the opportunity to convey best wishes to her for the future.

6 PROPOSED JOINT CONWY & DENBIGHSHIRE ADOPTION PANEL

Councillor M.M. Jones presented the report seeking Cabinet's agreement to merge the Council's Adoption Panel with the Adoption Panel of Conwy County Borough Council. The merged panels would be known as the Conwy & Denbighshire Adoption Panel.

The merger had been proposed by the North Wales Adoption Service (NWAS) who had agreed to take action to rationalise the number of adoption panels in North Wales upon its establishment in April 2010. The NWAS aimed to provide improved and more effective arrangements for adoption in the region in a cost efficient manner. Part of that process involved a reduction in the number of adoption panels from six to three initially and possibly to two at a later stage. Consequently it was proposed that neighbouring authorities merge their adoption panels which in Denbighshire's case would involve a merger with Conwy. The Council's interests would be represented by the inclusion of one of its elected members on the panel. Councillor Jones added that she regularly attended meetings of Denbighshire's Adoption and Fostering Panels and took the opportunity to thank Councillor J. Chamberlain Jones for representing the Council on those Panels.

During consideration of the report members welcomed the collaboration work but sought assurances that prospective parents would not be disadvantaged as a result; the implications on local procedures, and the risks involved. Clarity was also sought on the financial implications of the merger. The Acting Head of Adult and Business Services (AH:AB) responded as follows –

- confirmed that no negative impact was envisaged as a result of the merger with proposals for the Panel to alternate their meetings on a six monthly basis between Denbighshire and Conwy venues which were easily accessible
- once adopters had been approved they could place their names on a national register and seek placements from anywhere within the county
- local procedures ensured that when placing a child North Wales adopters were considered first; very occasionally the authority would seek to place a child outside the area if it was in the interests of the child's safety
- the merger would bring consistency and quality to the placements process
- any risks in decreasing performance during establishment of the merger had been mitigated by seconding staff and streamlining processes
- the North Wales Adoption Service would make significant saving in the placement of children for adoption through the rationalisation of panels.

The Corporate Director: Demographics, Wellbeing and Planning added that the North Wales Adoption Service was already a joint service and the purpose of today's report was purely about the process of approving adopters.

RESOLVED that Cabinet agree to the merger of the Council's Adoption Panel with that of Conwy County Borough Council and to the continued nomination of a Council member to represent the Council within the new Panel.

7 REGIONAL COMMISSIONING, PROCUREMENT AND MONITORING HUB COLLABORATION PROJECT

Councillors P.A. Dobb and M.M. Jones presented the report seeking Cabinet's agreement to the development of a Full Business Case for the Regional Commissioning Hub for high cost low volume residential placements. Five potential options for delivery of a Regional Hub (Appendix I) had been attached to the report.

The North Wales Social Services Improvement Collaboration (NWSSIC) commissioned Tribal (now Capita Group) to develop an outline business case on behalf of Social Services, education and health in North Wales to explore options for developing a regional commissioning, procurement and monitoring hub for high cost low volume residential care in particular service areas. The business case had been commissioned in part due to dissatisfaction with current arrangements and the financial pressures facing public services. It was explained that the development of a full business case required local political/partner approval.

Data accuracy had been an issue through development of the outline business case and more work was still required in that regard. Capita had identified five options for delivery of a Regional Hub, detailed in Appendix I to the report, which varied in scope and projected savings. Following consultation on the options the recommendation that a full business case be developed for a Hub that would be a mix of Options 3 and 4 had been accepted. It was highlighted that given the differences in current placement volumes and fees paid, the savings identified were unlikely to accrue equally to all partners.

Members noted the correction to the baseline data figures, paragraph 2.3 which had been inaccurately recorded within the report.

Councillor P.J. Marfleet sought clarification as to whether the savings identified in the North Wales Procurement proposals included the potential savings generated by the Regional Commissioning Hub project, and if so, whether those figures had taken into account that the savings from the Hub project could not be attributed equally between all of the Hub project's partners. The Acting Head of Finance and Assets confirmed that Capita was working on both the North Wales Procurement project and the Regional Commissioning Hub Project. The £62m annual cost detailed in 2.3 of the report included the expenditure by Betsi Cadwaladar University Health Board (BCUHB) who spent significantly more on packages than the six local authorities which meant that the savings identified would not accrue equally to all partners. The Corporate Director Business Transformation and Regeneration confirmed that the

authority's saving from the Regional Hub project had been included in the North Wales Procurement figures but the NHS element had not.

The Corporate Director Demographics Wellbeing and Planning concluded that it was difficult to ascertain how much each partner would save in terms of the Regional Hub project and more work would be undertaken in that regard prior to submitting the final business case to Cabinet in January. Consequently it would be easier to understand how much savings would be attributed to the social care element within the North Wales Procurement proposals at that time.

Councillor J. Thompson Hill recognised that the figures at this stage had been based on an outline business case and would seek firm accurate figures in the full business case. He also highlighted implications for the medium/long term financial plan which needed to be taken into account.

RESOLVED that Cabinet agree to the development of a Full Business Case for the Regional Commissioning Hub for high cost low volume residential placements and that a further report be submitted in January 2012 when the full business case has been completed.

8 UPDATE ON PROGRESS ON DENBIGHSHIRE'S LOCAL DEVELOPMENT PLAN AND PROPOSAL TO ESTABLISH A LOCAL DEVELOPMENT PLAN STEERING GROUP

Councillor S. Frobisher presented the report for members to consider progress on Denbighshire's Local Development Plan (LDP) and proposals to establish a new Local Development Plan Steering Group to provide leadership and guidance in taking forward the LDP through Examination to formal adoption, and to focus on the delivery of the LDP strategy and policies. The terms of reference of the proposed LDP Steering Group (Appendix 1) had been attached to the report.

Councillor Frobisher elaborated upon progress on the LDP advising that consultation on the Focused Changes to the emerging LDP would run from 26 August to 21 October 2011 following which all comments would be made available to view via the Council's website and passed onto the Planning Inspector. The Planning Inspectorate had appointed two Planning Inspectors to conduct the Examination of the LDP which would likely begin on 10 January and continue to the end of February 2012. An open pre-hearing meeting would be held on 8 November 2011 to enable the Planning Inspector to outline how he proposed to conduct the Examination with all subsequent hearing sessions being held in public. A Programme Officer had been appointed to assist in taking the Examination forward. The Planning Inspectorate had agreed to report back to the Council by August 2012 and his report would be binding. Formal adoption of the LDP was anticipated in September 2012.

In order to support the progress of the LDP through to formal submission it had become necessary to review the LDP Working Group with a view to ensuring that it focused on the delivery of the LDP. Consequently it was proposed to establish a new LDP Steering Group.

During consideration of the report discussion focused on the following areas –

- Councillor PA. Dobb felt that regular update reports to the People and Places Board would be insufficient and proposed that the membership of the LDP Steering Group be amended to include a representative from the Board to ensure their input at an earlier stage within the process
- there having been some confusion over the role of the former LDP Working Group in providing a steer on the LDP which resulted in some members of that Group voting against the LDP Working Group's recommendations at full Council, and there was a need to ensure that the terms of reference provided clarity in that respect
- the Examination process and possible outcomes and the acknowledgment that there would be a new Council dealing with the Inspector's report given the county council elections taking place in May 2012
- there would be no conflict of interest involving members of the proposed LDP Steering Group when considering matters at full Council because the Steering Group was not a decision making body and only made recommendations
- highlighted the importance of members of the proposed LDP Steering Group reporting back to their political groups and Area Members Groups together with Chairs and Vice Chairs reporting back to their respective committees to ensure that information was shared
- the view that a meeting of the LDP Working Group should have been arranged following full Council's decision on the LDP in order to discuss the outcome and formally end the Group
- all councillors should be given the opportunity to attend the proposed new LDP Steering Group and contribute to discussions whilst accepting that only members of that Group should have voting rights
- considered membership of the Group needed to ensure wide involvement of key members and officers from all areas and, whilst accepting it would be difficult to co-ordinate attendance of key individuals, in view of the Group's important role all members should be expected to attend as many meetings as possible.

Arising from their debate Cabinet agreed the following amendments to the terms of reference for the proposed new Local Development Plan Steering Group –

- To include a representative from the People and Places Board
- To maintain continuity all Steering Group members will be expected to attend all meetings
- Attendance at meetings to be open to all councillors

RESOLVED that, subject to the above mentioned amendments to the terms of reference as detailed in Appendix 1 to the report, the establishment of the Local Development Plan Steering Group be endorsed.

**9 ISSUES REFERRED TO CABINET BY THE SCRUTINY COMMITTEES:
RECOMMENDATION FROM PERFORMANCE SCRUTINY COMMITTEE – ESTYN
SELF EVALUATION REPORT**

(This item was brought forward on the agenda with the consent of the Leader)

Councillor R.L. Feeley, Chair of Performance Scrutiny Committee presented the report informing members of the scrutiny committee's recommendations with respect to the preparations for the forthcoming inspection of the Local Authority's Education Services for Children and Young People, scheduled for spring 2012.

A report on the forthcoming Estyn Inspection had been considered by the Performance Scrutiny Committee at its meeting on 8 September, including the planned areas for inclusion in the Self Evaluation Report (SER) and the proposed arrangements for identifying areas of weakness. Councillor Feeley advised that the scrutiny committee had resolved to endorse the proposals put forward by the officers and had recommended further measures with a view to enhancing the challenge process and ensuring that the SER was as robust as possible. She elaborated upon the establishment of a Working Group for the purpose of working with officers on challenging and scrutinising the contents of the SER and the process undertaken. Following conclusion of the Working Group's work the final version of the SER would be presented to the Performance Scrutiny Committee for consideration prior to its submission to Estyn.

Councillor Feeley asked Cabinet to endorse the actions of the Performance Scrutiny Committee in its preparations for the forthcoming Estyn Inspection. Councillors H.H. Evans and E.W. Williams spoke in support of the scrutiny committee's recommendations with respect to the production of the SER and the arrangements for challenging and scrutinising its contents. Councillor S. Frobisher noted the lack of a member on the Group representing the North of the county but accepted that the Working Group would take on the view of the whole county.

RESOLVED that Performance Scrutiny Committee's recommendations with respect to the production and scrutiny of the Authority's Self Evaluation Report in preparation for the forthcoming inspection of the Local Authority's Education Services for Children and Young People be noted.

10 CABINET FORWARD WORK PROGRAMME

Councillor H.H. Evans presented the Cabinet Forward Work Programme for consideration and members noted a number of amendments as follows –

- A report on 21st Century Schools Funding be presented to Cabinet on 25 October, and
- A Budget Report be presented to Cabinet on 13 December and 24 January

RESOLVED that Cabinet's amended Forward Work Programme be noted.

At this juncture (1.00 p.m.) the meeting adjourned for lunch and proceedings resumed at 1.30 p.m.

11 URGENT ITEMS

No urgent items had been raised.

EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100A 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 it involved the likely disclosure of exempt information as defined in Paragraphs 14 and 15 of Part 4 of Schedule 12A of the Local Government Act 1972.

12 MONITORING CORPORATE PLAN PERFORMANCE, QUARTER 1 2011 – 2012

[This item was considered under Part 2 of the agenda because information contained in the report provided by the Local Government Data Unit – Wales could not be publicly disclosed at this time]

Councillor H.H. Evans presented the report for members to consider performance for the first quarter of 2011 – 12 against the 2012 Indicators and Improvement Objectives in the Corporate Plan 2009 – 12. The report also provided an analysis of the Council's current targets for the 2012 Indicators in light of the recently published all Wales data for 2010 – 11.

Councillor Evans was pleased to report the overall message of continued improvement but highlighted a few problems in terms of data collection for some of the new performance measures. He referred to the Action Plan contained within the report which had been developed to ensure those issues were resolved prior to the Quarter 2 Performance Report. Following the recent release of the All Wales data the Council was aware of its comparative performance during 20120 – 11 and 2012 indicators and Councillor Evans highlighted how this authority had performed in that regard. Particular reference was also made to the Improvement Objectives and the report contained an analysis of progress against each of those outcomes and Councillor Evans highlighted a number of issues as follows which had led to the recommended Action Plan –

- Outcome 1 – some data accuracy checks needed to be performed and there was also a proposal to include further performance measures that had been developed via the People and Places Board
- Outcome 3 – some work was required to collate and evaluate the data relating to the New Work Connections project and the number of participants in disability sports sessions
- Outcome 8 – although most of the new performance measures developed for our roads priority had a fully defined methodology for data collection, that work was still required for the performance measure relating to highways related insurance costs.

Finally Councillor Evans reported upon feedback from the Wales Audit Office suggesting that the authority's Annual Performance Report should contain information relating to the protection of children and vulnerable adults, even in the

absence of a specific corporate priority on that issue. In the interests of good practice, Councillor Evans proposed that those topics also be included in future performance reports to Cabinet.

Members briefly discussed how the council had performed in comparison to other councils in Wales and the Corporate Improvement Manager confirmed that like for like indicators had been used. Members also considered the three indicators detailed within paragraph 4.5 of the report where it was unlikely that performance above the Welsh Median for 2011 -12 would be achieved and officers responded to members questions and explained the reasoning behind the underperformance.

Councillor H.H. Evans reported upon the healthier relationship between services with challenges being undertaken in a positive way and he felt there had been a positive cultural change in the council. Councillor D.A.J. Thomas added that there had been good leadership from the Chief Executive and Corporate Executive Team and that everyone had worked together and taken up the challenge of becoming a high performing council.

RESOLVED that Cabinet –

- (a) *consider the current likelihood of achieving the outcomes detailed in the 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;*
- (b) *approves the proposed Action Plan to address issues identified within the report, and*
- (c) *requests that information relating to the protection of children and vulnerable adults be included in all future performance reports to Cabinet.*

13 REGIONAL SCHOOL EFFECTIVENESS AND IMPROVEMENT SERVICE PROJECT

The Corporate Director Learning and Communities introduced the Project Manager – Regional School Effectiveness and Improvement Service Project (Conwy County Borough Council) who was in attendance for this item.

Councillor E.W. Williams presented the confidential report seeking Cabinet approval for the Outline Business Case for a new regional School Effectiveness and Improvement Service across the six North Wales authorities.

Councillor Williams explained that the outline business case to establish a single regional school effectiveness and improvement service met local authority commitment to the Compact and he highlighted the need for change in terms of both the national and regional context which had been detailed within the report. He referred to the current arrangements for delivering school improvement services; the establishment of a new Regional Service including its key functions and aims; governance arrangements; the delivery model and consultation. He explained that four of the six North Wales authorities had already agreed the recommendations

within the report in respect of their own authorities and he also urged Cabinet to approve those recommendations. It was noted that Conwy County Borough Council (CBBC) had not approved all of the recommendations at this time.

Members discussed the merits of establishing a new regional service and took the opportunity to comment on the proposals and seek clarification on a number of areas particularly referring to staffing and financial issues. The officers provided assurances in terms of containing the regional service within the budget forecasts and the benefits to schools in proactively buying in services from their own cash budgets. The full business case would contain the full financial detail. The Acting Head of Finance and Assets pointed out that the proposals also contained an assumption of significant set up costs that would need to be met or work undertaken to reduce them.

At this juncture Councillor T.R. Hughes entered the meeting.

In response to a question from Councillor P.J. Marfleet the Chief Executive clarified the implications of CCBC's decision not to approve the appointment of a Chief Officer at this stage within the process.

RESOLVED that Cabinet –

- (a) *approves the recommendation for the Outline Business Case to be widely consulted upon with stakeholders from October to December 2011;*
- (b) *commits to the establishment of a regional School Effectiveness and Improvement Service by September 2012, and*
- (c) *approves the appointment of a 'Chief Officer' to be in post from January 2012.*

The meeting concluded at 2.05 p.m.

TRUSTEES OF DENBIGHSHIRE FURTHER EDUCATION TRUST FUND

Minutes of the meeting of Trustees of Denbighshire Further Education Trust Fund, held at 2.10pm on Tuesday, 27 September 2011, in Conference Room 1a, County Hall, Ruthin.

PRESENT

Councillors P A Dobb, H H Evans, S Frobisher, M M Jones, P J Marfleet, J Thompson-Hill and E W Williams

Observers: Councillors W L Cowie, M LI Davies, G C Evans and T R Hughes.

ALSO PRESENT

Acting Head of Corporate Governance, Corporate Director: Learning and Communities, Interim Head of Adult and Business Services, Head of Modernising Education, Unit Asset Manager (Modernising Education), Principal Legal Officer (A S Jones) and Scrutiny Coordinator (minute taker)

1) Apologies

Councillor D A J Thomas

2) Declarations of Interest

No interests were declared in the items of business under consideration.

In response to questions, the Acting Head of Corporate Governance, Principal Legal Officer, and Head of Modernising Education advised that, having received guidance from various bodies including the Charity Commission and as Denbighshire County Council was now the present trustee of the land comprising the site of the former Denbigh County School at Middle Lane, Denbigh (which land was an individual charity under the umbrella of the Denbighshire Further Education Trust Fund), it had been decided that Cabinet could convene a meeting for the purposes of the Charitable Trust to enable the initiation of a consultation process on the future of the Middle Lane site. Following the holding of the initial meeting and the commencement of the consultation process, the 'present' Trustees would oversee the consultation process, implement any recommendations emanating from it and consider the appointment of new Trustees for the purposes of conducting the future affairs of the Trust.

Members were advised that as they were meeting in the capacity of Trustees they were required to appoint a Chair for the meeting.

3) Appointment of Chair

Councillor H H Evans was nominated and seconded to preside at the meeting. No other nominations were received. It was:

Resolved: - that Councillor H H Evans be appointed to chair the meeting

The Trustees were advised that the information being considered at the meeting was at this stage deemed to be confidential. It was therefore:

Resolved: - that pursuant to Section 100A(4) of the Local Government Act, 1972 that the press and public be excluded from the meeting during the following item of business because it was likely that exempt information, as defined in paragraph 14 of Part 4 of Schedule 12A of the Act, would be disclosed to them.

4) Denbigh, Middle Lane – Proposed Consultation on the Future of the Site

The Head of Modernising Education introduced the report (previously circulated) the purpose of which was to seek the Trustees' approval to consider the future of the site. When introducing the report the Head of Modernising Education assured the Trustees that elected members representing wards in Denbigh had been made aware of the contents of the report being presented to the current meeting. Denbigh members had indicated their agreement with the proposed course of action and their wish to be involved with the process at a later date.

In response to questions from elected members observing the meeting the Head of Modernising Education advised that if the consultation process resulted in a decision to dispose of the asset on the grounds of it being surplus to requirements and no further educational use being found for it, all capital receipts realised less any costs incurred would be held by the Council on the Trust's behalf until such time as the Trustees determined how it should be utilised. It was further emphasised that, in the event of the Middle Lane site being sold, the net sale proceeds would need to be invested in a new charitable scheme, to be made by the Charity Commission following an application by the Trustees, whose objectives would be as close as possible to that of the original Trust – 'for the advancement of education for children in the area'. It was also explained that the Charity Commission had advised that it would not be possible for any such proceeds of sale to be applied for the benefit of any school which the County Council had a statutory duty to provide. Any monies received from a possible future sale would belong to the Trust and not the County Council.

Councillor G C Evans suggested to the Trustees that clarification be sought on the definition of '...children in the area', as the former County School benefited children from a far wider area than the town of Denbigh itself. The catchment area for the former County School included outlying villages and hamlets, some of which now lie outside the boundary of the present

Denbighshire. He was of the view that the Trustees would need clarity on this issue before they could determine future options for the site or capital receipt realised from any future sale. Councillor M LI Davies requested that consideration be given by the Trustees to safeguarding the house which lies within the grounds of the Middle Lane site lest it be demolished.

Officers were requested by the Trustees to contact the Charity Commission to seek timescales with respect to undertaking the consultation exercise as well as any resulting actions, and to seek guidance on the creation of any new constitution which might be required for the Trust

Following an in depth discussion the Trustees:

Resolved: -

- (a) to enter into a period of consultation on the future of the Middle Lane, Denbigh site with the Governors and staff of the schools within the catchment area, other educational establishments in the town, local members, portfolio holder, Denbigh Town Council and via the publication of Press Notices and Public notices in the Library and Civic Office;***
- (b) that the Charity Commission's approval be sought for the basis and method for the consultation process and for guidance on any new constitution which might be required for the Trust***
- (ch)that if, following the consultation process, the Trustees decided that the best interests of the trust would be served by a disposal of the Middle Lane site, the Trustees should then apply to the Charity Commission for the making of a scheme granting to the Trustees the necessary power of sale***
- (d)that it be recommended that members of the Denbigh Member Area Group should be appointed as trustees of the Trust for the purposes of the future management of the affairs of the Trust and, in particular, for the purpose of consideration as to how the proceeds of any disposal should be applied in the event of the sale of the Middle Lane site pursuant to a power of sale granted by the Charity Commission,***
- (dd) that clarification be sought on the definition of the 'area' served by the former Denbigh County School and from which potential beneficiaries of the Trust might be drawn***

Meeting concluded at 2.25pm.

Report To: CABINET

Date of Meeting: 25th October 2011

Lead Cabinet Member: Councillor Julian Thompson-Hill

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

Title: Finance Report

1 What is the report about?

The report gives forecast position for the council's revenue budget and performance against the budget strategy for 2011/12 as at the end of September 2011. 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 as defined in the Medium Term Financial Plan.

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 net under spend of £492k on council services. There are also variances within some services compared to original forecasts but these are being managed within the services.

Schools are currently forecast to be over spent in total by £376k which relates to eight schools classed as being in financial difficulty. 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, £6.027m (95%) have been achieved with £0.272m (4%) still in progress or being reviewed. The item under review is the £150k reduction in staff advertising costs. Service budgets have been reduced by £150k but expenditure to date would suggest that levels are likely to be less than last but not to the full amount of the saving. Therefore Finance will review this with HR. 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.

The Medium Term Financial Plan made a provision of 5% to cover slippage within the year against the savings proposed. The provision equates to £318k and currently £272k of the savings has yet to be confirmed as delivered. If the savings are delivered then the provision would generate a cash surplus within the year.

At the end of 2010/11, departments carried forward a combined under spend of £1.1m. The November report to cabinet will provide an analysis of how this funding has been used.

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 for services to the end of September shows a projected under spend of £492k. Departmental details are highlighted below.

The **Finance and Assets** budget is forecast to be balanced in total. However, within this, the **Property Services** budget is facing a considerable pressure on fee income targets as a result of the reduction in the council's capital works budget. The pressure will be contained within the overall service budget. The efficiency targets for 2011/12 include an £80K reduction in the Office Accommodation budget and staffing savings of £100K following the Phase 1 review of the Property Services organisational structure. Savings of £70k have also been delivered in the **Finance** budget from staff reductions in the payments team.

Highways & Infrastructure shows a forecast position of £376k under spent. The department has received in-year cash sums of £278k and made budget savings of approximately £100k so far, in addition to the assumed

departmental savings target of £150k and a further £100k in relation to procurement savings.

School Transport – due to ongoing use of e-tendering and e-auctions and continually reviewing transport routes, it has been possible for this budget to deliver £100k of ongoing budget savings as part of the council's overall procurement saving target. The total savings on school transport this year are £208k and £100k has been taken as a procurement budget saving. The remaining £108k is an in-year cash saving due to the lower number of school days in the year (187 days compared to 194 days last year). The school days fluctuate from year to year and, for example, will be as high as 196 in 2013/14. Discussions are ongoing about the school transport budget and in particular the in-year impact of fluctuating school days.

Claw back of fees – Highways hold a reserve of £70k in respect of fees previously claimed but against which there was some uncertainty as to their validity. As the fees relate to 2005/06 it is considered reasonable now to release the reserve to revenue.

Highways generate around £100k in fees annually from the North Wales Trunk Road Agency for specific works. This fee was not paid in 2010/11 and after discussion it has been agreed that an additional one-off sum of £100k has been received in respect of this in 2011/12. A similar amount will be payable in respect of 2011/12. In addition to the one-off benefit this year, the ongoing nature of the fees allows for a potential budget saving to be made in future years.

The savings target of £75k against street lighting as part of the collaboration project is now classed as achieved as a total but the make-up of the saving has been amended as follows:

- £30k based on recharges to Conwy CBC for street lighting services
- £30k replaced by recharges to Conwy for public transport services
- £15k savings brought forward against the collaboration on car parking services (achieved through joint provision of cash collection services)

Savings against the street lighting budget will be reassessed as part of the wider collaboration project and included in the department's savings plan going forward. Work is ongoing as part of the collaboration project to develop a suitable methodology to apportion the savings equitably between Denbighshire and Conwy.

The department is making strenuous efforts to identify further savings and are confident more can be delivered going forward. For example, there are areas within the works budgets (such as grass cutting) that may generate further savings this year and deliver budget savings next year.

Earlier in the year, Highways identified the need to install a new base at the Ruthin depot for salt storage and requested that a windfall grant paid in

2010/11 be used to fund it. Finance advised against this under the assumption that in-year under spends could be identified to fund the development. The cost of the project will be in the region of £250k and a proposal to use in-year savings will be submitted to the Capital & Assets Strategy Group in October for consideration.

The **Regeneration, Planning & Public Protection** Department has a budget savings target of £200k in 2011/12 and is well on course to achieve this in full. Added to this, presently the Department is forecasting an overall under spend of £32k. Whilst there are presently pressures on two of the larger income streams within the Department (Development Control and Land Charges) totalling £77k, this pressure is more than offset by staffing savings arising from the removal of three posts earlier than anticipated in the collaboration programme. As part of the Council's MTFP for 2012/13 the Department is expected to achieve further savings of £170k and at this early stage it appears to be on schedule to meet this target as long as the current income pressures on Development Control and Land Charges can be addressed in future years.

Adult Services budgets are shown as balanced but assume that £398k 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 ongoing 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.

The position within **Housing Services** has improved by £19k this month to a forecast overspend of £27k. The movement is caused by a vacant post. 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. Action is being taken which should reduce the pressure and achieve a balanced budget.

Leisure, Libraries & Community Development has an overall budget savings target of £202k and is on track to achieve this in full. After taking account of this target the Department is currently projecting an overall breakeven position but there are a few budget variances that need further comment. The one major concern is the continued pressure (£46k) on the Rhyl Pavilion Theatre budget, particularly as the facility is expected to make future budget efficiency savings as part of the Council's MTFP in 2012/13 and 2013/14. There is also currently a small pressure on the income target for the new Leisure card but a further push in sales should hopefully put this budget back on track over the coming months. Presently it is hoped to contain these in-year pressures from savings on the Community Buildings budget (this is an

expected efficiency saving included in the MTFP for the 2012/13 budget round), from non-recurring savings due to vacant posts only recently being filled in the Youth Service and by utilising the Departmental under spend rolled forward from 10/11.

The **Environment Services Department** has a budget savings target of £541k in 2011/12 and is well on course to achieve this in full. Added to this, the latest forecast is for an overall Departmental under spend of £111k due to two main factors: one being as a result of an earlier than anticipated staff retirement in the management team and the second results from a redesign of part of the Public Realm service being ahead of schedule in the efficiency programme. Both of these savings feature in the Council's Medium Term Financial Plan (MTFP) going forward.

In addition, the better than expected savings in the new residual waste disposal contracts that came into effect on 1 April 2011 have already achieved the pre-agreed budget saving of £220k put forward as part of the 2011/12 budget round. There is also an expectancy for a further waste budget reduction of £460k in 2012/13 as part of the MTFP and at this stage there is a fairly high level of confidence that this target will be met. Some of the in-year waste savings (over and above the £220k 11/12 target) are being used to fund upfront set-up costs required as part of the new waste contract as well as one-off staff termination costs across other areas of the Department. It has previously been agreed that the remaining balance of in-year waste savings (circa £135k this year) will be transferred to the Sustainable Waste Management Grant Reserve for 2011/12. The reserve has been established to dampen the impact of reduced grant funding in future years.

The savings targets within **Customer Services** total £271k this year. Of this, £126k is in relation to procurement efficiencies and is 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.

Schools – The forecast on schools budgets has moved since the last report from a surplus of £150k to a deficit of £376k. The change in the forecast is as a result of agreeing amended outturns with schools as the new academic year has begun. Movement of this scale between quarters and particularly at the start of the new academic year is not unusual given the size of the overall budget. Any net overspend would be funded from positive school balances. The position includes eight schools that are in financial difficulty.

Capital Plan – A separate Capital Plan report is being presented to cabinet this month. Expenditure to the end of September is £11m against a plan of £36.1m for the year.

Housing Revenue Account (HRA) – The latest HRA forecast shows a planned in-year deficit of £1.114m against an original budget of £1.025m. The

forecast deficit is currently £90k higher than the budget but should be reduced further as all HRA expenditure continues to be 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 £894k.

The Housing Capital Plan is forecast expenditure has been revised down slightly from the last report and is forecast to spend £5.196m 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 and the lower expenditure has a positive impact financially on the Business Plan. A summary of the latest HRA position is shown in the table below. A more detailed HRA appendix can be presented to cabinet if required at any point.

Housing Revenue Account & Capital Plan Summary:

<u>Housing Revenue Account Summary 2011/12</u>	
<u>September 2011</u>	
Expenditure	£'000
Housing Management & Maintenance	5,309
Capital Charges	2,632
Subsidy	3,079
Provision for Bad Debts	26
Revenue Contribution to Capital	1,341
Total Expenditure	12,387
Income	
Rents	11,112
Garages	152
Interest	9
Total Income	11,273
In Year Deficit	1,114
HRA Balance Carried Forward	894

<u>Housing Capital Plan</u>	
<u>September 2011</u>	
	£,000
Planned Expenditure	5,196
Funded By:	
Major Repairs Allowance	2,400
Revenue Contribution	1,341
Capital Receipts	16
Borrowing	1,439
Total	5,196

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 remain as in-progress will continue to be reviewed over the coming weeks during the service challenges to ensure all remain achievable in the current year.

Corporate and departmental financial planning assumptions have become clearer and forecasts are now more robust. Some departments have begun to forecast under spends as progress is made toward achieving next year's savings targets and additional scope for savings has become apparent in others. Some corporately held budgets for specific provisions that are committed in future years may generate a cash surplus in the current year. It would be prudent to carry the budgeted provision for slippage against agreed savings forward to 2012/13. 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 continue to be volatile at the moment and this is causing the council major problems. Earlier in the year, the council decided to limit all investments to six months as a prudent measure. More recently, the ratings of a number of UK banks have been downgraded. This has a direct impact on the council's treasury management strategy as it means that several of the banks with which the council invests surplus cash have fallen below the minimum rating allowed by the treasury management policy. This also means that the council cannot now place cash in the instant access facilities provided by our appointed bankers. The fallback position has been to temporarily place surplus cash with the Government Debt Management Office (DMO). This has a detrimental impact on the interest earned on investments as the difference in the interest rate paid by the DMO compared to the council's instant access account is 0.55% (or £5.5k per million invested). The total investment income budget is £400k.

Due to the significant problems with the money markets and the banking sector, the council will have to urgently revise its Treasury Management

Strategy. The revisions have to be approved by full council and an urgent report is being prepared for the next council meeting on 15th November.

Total borrowing currently stands at £136m at an average rate of 5.72% and total investments are £33.1m at an average rate of 1.20%.

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

Forecast as at 30/09/2011	Budget			Projected Outturn			Variance				Variance Previous Report £'000
	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	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	14,736	-7,405	7,331	14,752	-7,421	7,331	16	-16	0	0.00%	0
Highways & Infrastructure	20,425	-9,518	10,907	19,971	-9,440	10,531	-454	78	-376	-3.45%	0
Regeneration, Planning & Public Protection	5,678	-1,983	3,695	5,336	-1,673	3,663	-342	310	-32	-0.87%	0
Adult & Business Services	44,878	-13,135	31,743	42,833	-11,090	31,743	-2,045	2,045	0	0.00%	0
Children & Family Services	9,517	-705	8,812	10,070	-1,258	8,812	553	-553	0	0.00%	0
Housing Services	2,152	-1,763	389	1,624	-1,208	416	-528	555	27	6.94%	46
Leisure, Libraries & Community Development	10,307	-4,708	5,599	10,403	-4,804	5,599	96	-96	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	19,695	-8,265	11,430	19,345	-8,026	11,319	-350	239	-111	-0.97%	0
Modernising Education	1,326	0	1,326	1,326	0	1,326	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	146,007	-53,800	92,207	142,953	-51,238	91,715	-3,054	2,562	-492	-0.53%	46
Corporate	44,410	-37,058	7,352	44,410	-37,058	7,352	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	61,063	-37,058	24,005	61,063	-37,058	24,005	0	0	0	0.00%	0
Council Services & Corporate Budget	207,070	-90,858	116,212	204,016	-88,296	115,720	-3,054	2,562	-492	-0.42%	46
Schools	65,845	-6,846	58,999	66,221	-6,846	59,375	376	0	376	0.64%	-150
Total Council Budget	272,915	-97,704	175,211	270,237	-95,142	175,095	-2,678	2,562	-116	-0.07%	-104
Housing Revenue Account	12,327	-11,302	1,025	12,387	-11,272	1,115	60	30	90	8.78%	33

* Note1 - 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					
Update to 30/09/2011					
<u>Ref</u>	<u>Action</u>	<u>Status</u>	<u>Saving</u>	<u>Total</u>	
<u>General</u>			<u>£'000</u>	<u>£'000</u>	
A1	Workforce Budget Reduction 1%	Achieved	125		Base budget reduction applied to staffing budgets.
A4	Reduce staff advertising	Review	150		Base budget reduction applied - reviewing to check actual expenditure in 2011/12.
A5	Procurement savings	Achieved	200		Includes savings on e-tendering school transport contracts and new insurance contract.
A7	Costs of Democracy	Achieved	25		Reduction in cabinet membership etc.
A8	Review of Senior Management & Exec PAs	Achieved	365		Based on removal of 3 senior management posts and 2 PA posts.
A9	Reduce budget for Major Events	Achieved	40		Base budget reduction.
DS1	Reduction in School Roles	Achieved	340		Based on forecast reduction in pupil numbers.
DS2	Removal of Unused School Pay Budget Provision	Achieved	620		Removal of single status funding.
G1	Removal of one-off Budget 2010/11	Achieved	2,185	4,050	Removal of one-off funding
Asset Review					
B1	Office accommodation	Achieved	80	80	Savings in relation to Trem Clwyd and Fronfraith.
Support Services Review					
C1	HR review	Achieved	50		Ongoing savings re HR Direct and impact of restructure, inc saving on 1 management post.
C12	Insurance Tender	Achieved	50		New contract has delivered savings. Part of the saving included in procurement target above.
C2	Property services - phase 1	Achieved	100		Savings through restructure - redundancy and reduction in use of agency staff.
C3	Legal services - phase 1	Achieved	42		Removal of a solicitor's post
C4	Democratic support	Achieved	52		Removal of a manager's post
C5	ICT/IM	Achieved	131		Four redundancies as part of reorganisation of the department
C5	ICT/IM	In Progress	14		Dependent upon wider use of Proactis to allow a further post to be declared redundant
C6	ICT/IM	In Progress	126		Procurement/consolidation of equipment - will be achieved but need to prove later in the year.
C7	Finance - Financial Management	Achieved	70	635	Removal of 2 posts in creditor payments
Service Challenges					
Leisure, Libraries & Community Development					
Da1	Leisure services- Management System	Achieved	40		New booking system and membership scheme
Da2	Back office co-location	Achieved	20		Savings in admin as sections move to one location
Da5	Remove subsidy by increasing income	Achieved	50		General increases in income from various sources
Dk2	Merger of N Wales Bibliographic Services	Achieved	20		Libraries
Dk3	Running Costs / Income	Achieved	27		Libraries - review of cleaning and caretaking costs
Dk4	Family Info and Archives review	Achieved	35		Libraries
Dk5	Review of housesbound service	In Progress	10	202	Libraries
Environmental Services					
Db11	Outsource Propogation	Achieved	30		Open spaces - included restricted use of nursery for bedding plants as well as outsourcing
Db13	Cemetaries charging -	Achieved	34		Increase charges over inflation
Db16	Countryside staff reduction	Achieved	24		Post reduction Senior Admin Officer
Db17	Tourism Service Redesign	Achieved	20		Saving of PA post.
Db18	Regeneration Service Redesign	Achieved	23		Savings from redefinition of roles, lower numbers and integrations with public realm and leisure.
Db2	Renegotiate recycle and disposal contracts	Achieved	220		New recycling contract
Db5	Regional Waste Project Procurement Budget	Achieved	94		Reduction in project budget as it comes live
Db8	Reduce Overtime (Street Cleansing)	In Progress	20		Introduction of flat time for weekends and review of hours allocated to specific jobs
Db9	Fleet Efficiency	Achieved	50		Hired vehicles replaced by in-house
Db1/12	Other	Achieved	26		
Db14	WAG Waste Target Pressures	Achieved	-247		Pressure is as originally forecast.
Db15	Free School Meals Cost Pressures	Achieved	-130	164	Pressure is as originally forecast.
Planning, Regeneration & Regulatory Services					
Dc1	Review of Regeneration	Achieved	40		Staff reductions as a result of restructuring - includes elements of a management post
EC21	Review Pest Control	Achieved	30		Part of collaboration project - one post gone on EVR
EC22	Review Development Control	In Progress	20		Officer on long term sabbatical, not replaced.
EC25	Review of CCTV service	Achieved	20		Review of shift patterns and overtime.
EC26	Review of Pollution Control	Achieved	30		Part of the same project as noted against Pest Control (B Roberts)
EC27	Review of Trading Standards	Achieved	60	200	Part of collaboration - senior management posts shared with Conwy.

		<u>Status</u>	<u>Saving £'000</u>	<u>Total £'000</u>	
Highways & Infrastructure					
Dd1	Road Safety	Achieved	45		Various small savings due to use of traffic signals, anti-skid surfaces, etc.
EC11	Street Lighting	Achieved	30		Based on work recharged to Conwy under collaborative structure.
	Public Transport	Replacement	30		Saving based on work recharged to Conwy under collaborative structure.
	Car Parking	Replacement	15		Part of the saving on collaborative parking arrangements brought forward from 12/13
EC14	Street Works	Achieved	20		Savings on admin/standardisation of policies etc Including fees for skips, increasing inspection/charges
EC16	Winter Maintenance	In Progress	10	150	
Adult & Business Services					
Df1	Cefndy Healthcare	Achieved	60		Gradual removal of council subsidy
Df10	Restructure part of service	Achieved	53		Removal of one service manager post
Df16	Administration Rationalisation	Achieved	47		Reduction of administrative support as part of wider review
Df17	Systems Thinking and Vacancy Control	Achieved	40		Removal of long-term vacancies and introduction of new locality structure
Df19	Workforce Development Review	Achieved	30		Changes to qualifying routes for social work trainees - more use of part-time OU courses plus Gd 8 post (60%) b
Df6	Day care - review and rationalise	Deferred	60		Will be delivered in full next year (£120k)
Df8	Impact of investment in reablement	In Progress	75		Investment in reablement packages (intensive home care) to avoid residential care. On target to be achieved.
Df9	Residential Care - Impact of Extra Care	Achieved	60		Saving is around the differential between residential care cost and extra care - up to £150 per week.
Df99	Compensating savings within the services	In Progress	451		Pressure reduced by £115k as PMDF grant has been paid in 2011/12
Df5,12-15	Other	Achieved	51		Includes savings through Telecare, re-ablement and reduction in contribution to Mental Health Partnership
P1/4/6	Loss of Grant	In Progress	-179		Loss of grant figure reduced by £115k as noted above.
P2/3/5	Demographic Change	In Progress	-272	476	Impact being dampened in 2011/12 by use of Supporting People grant funding.
School Improvement & Inclusion					
Dh1	Service Restructure	Achieved	261	261	Includes the removal of 4.5 posts.
Children & Family Services					
Dj1	Management Changes	Achieved	105		Review of senior posts - includes removal of two senior manager level posts.
Dj10	TAPP Team change in funding	Achieved	93		CHC funding from the NHS has replaced the base budget for the team - long term funding.
Dj3/6/9/13	Other Savings	Achieved	56		Includes £35k budget for projects that have now finished (inc merger etc), plus savings to therapy service
Dj5	Re-shaping Supervised Contact Service	In Progress	33		Costs have been brought down but there is still a pressure hence marked as in progress.
Dj2	Admin Rationalisation	Achieved	40		Deleted one vacant admin post and one further post will be redundant this year.
Dj20	Legislative	In Progress	-14		Increased costs resulting from Southwark Judgement - more likely to be £20k.
Dj16/17	Social Worker & Staffing Pressures	In Progress	-117		Pressure has reduced because of vacancies but offset by an increase in fostering pressure.
Dj18	In-house Fostering	In Progress	-62		Pressure has increased from the original estimate.
Dj19	Direct Payments	In Progress	-24	110	Pressure is as expected.
Housing Services					
Dz1	Various small savings	In Progress	31	31	Numerous small savings. Will be confirmed following review of total housing budget, including the HRA.
Total Savings 2011/12				6,359	
Summary:			£'000	%	
Savings Achieved/Replacement			6,027	95	
Savings In Progress/Being Reviewed			272	4	
Savings Not Achieved/Deferred			60	1	
Total			6,359		

CABINET: FORWARD WORK PROGRAMME

24 NOVEMBER 2011 – AMENDED DATE	
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
HR / People Strategy	Councillor P J Marfleet L Atkin
Village Green Applications - land known as "The Park" off Ffordd Elan, Rhyl	Councillor S Frobisher S Cordiner
Rhyl Going Forward Delivery Plan	Councillor D A J Thomas Tom Booty
Options for Prestatyn Library Relocation Part II	Councillor P J Marfleet J Groves
Declaration of South West / East Rhyl Housing Renewal Area Phase II	Councillor D A J Thomas Gareth Roberts
Phase II Construction of the Foryd Harbour Walking and Cycling Bridge	Councillor S Frobisher / Councillor D A J Thomas S Davies / Bob Humphreys
Recommendations from Scrutiny Committees	Scrutiny Coordinator
13 DECEMBER 2011	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
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
Scala Cinema and Arts Centre: Update	Councillor P A Dobb P McGrady / J Groves
Routine reporting on Personnel	Councillor P J Marfleet Linda Atkin
Budget Report	Councillor J Thompson Hill P McGrady
Estyn	Councillor E W Williams J Walley / Sian Thomas
Recommendations from Scrutiny Committees	Scrutiny Coordinator
24 JANUARY 2012	
Finance Report 2011 -2012	Councillor J Thompson Hill P McGrady
Prestatyn Town Plan	Councillor D A J Thomas M Dixon
Budget Report	Councillor J Thompson Hill P McGrady

Regional Commissioning Procurement and Monitoring Hub Project	Councillor P A Dobb / Councillor M M Jones Sally Ellis
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 / Melanie Evans / Carina Edwards 708307
Recommendations from Scrutiny Committees	Scrutiny Coordinator
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 Coordinator
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
Regeneration Strategy for Denbighshire	Councillor D A J Thomas M Dixon / G Boase
Monitoring Performance Against the Corporate Plan	Councillor H H Evans T Ward
Supporting People Strategy Update and Operational Plan 2012 – 13	Councillor P A Dobb Gary Major
Recommendations from Scrutiny Committees	Scrutiny Coordinator