



To: Members of the Cabinet

Date: 10 December 2012

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Dear Councillor

You are invited to attend a meeting of the **CABINET** to be held at **10.00 am** on **TUESDAY, 18 DECEMBER 2012** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G Williams
Head of Legal and Democratic Services

AGENDA

PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING

1 APOLOGIES

2 DECLARATION OF INTERESTS

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

3 URGENT MATTERS

Notice of items which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act 1972.

4 MINUTES (Pages 5 - 12)

To receive the minutes of the Cabinet meeting held on 20 November 2012 (copy enclosed).

5 DELIVERING THE WELSH HOUSING QUALITY STANDARD (Pages 13 - 20)

To consider a report by Councillor Hugh Irving, Lead Member for Customers and Communities (copy enclosed) updating Cabinet on progress in meeting the Welsh Housing Quality Standard.

6 CONSULTATION ON THE SUPPORTING PEOPLE SPEND PLAN & CHANGES TO THE SUPPORTING PEOPLE STRATEGY FOR 2013 TO 2014 (Pages 21 - 32)

To consider a report by Councillor Bobby Feeley, Lead Member for Social Care and Children's Services seeking Cabinet's agreement to changes to the Supporting People Strategy and Spend Plan for 2013 – 14.

7 NATIONAL PROCUREMENT SERVICE (Pages 33 - 50)

To consider a report by Councillor Julian Thompson-Hill, Lead Member for Finance and Assets (copy enclosed) seeking Cabinet's approval to join the proposed Welsh public sector National Procurement Service with an initial 5 year commitment.

8 FINANCE REPORT 2012/13 (Pages 51 - 68)

To consider a report by Councillor Julian Thompson-Hill, Lead Member for Finance and Assets (copy enclosed) detailing the latest financial position and progress against the agreed budget strategy.

9 CABINET FORWARD WORK PROGRAMME (Pages 69 - 70)

To receive the enclosed Cabinet Forward Work Programme and note the contents.

PART 2 - CONFIDENTIAL ITEMS

EXCLUSION OF PRESS AND PUBLIC

It is recommended in accordance with Section 100A (4) of the Local Government Act 1972, that the Press and Public be excluded from the meeting during consideration of the following item of business because it is likely that exempt information as defined in paragraphs 13, 14 and 15 of Part 4 of Schedule 12A of the Act would be disclosed.

10 OCEAN PLAZA DEVELOPMENT, RHYL (Pages 71 - 80)

To consider a report by Councillor Hugh Evans, Leader and Lead Member for Economic Development (copy enclosed) seeking a decision from Cabinet regarding the grant of an option to acquire land at Quay Street and Westbourne Avenue, Rhyl.

11 GAS SERVICING COUNCIL HOUSING STOCK (Pages 81 - 108)

To consider a confidential report by Councillor Hugh Irving, Lead Member for Customers and Communities (copy enclosed) seeking Cabinet's approval to award a new gas servicing, repair and maintenance contract for the Council Housing Stock.

12 CONSTRUCTION PROCUREMENT NORTH WALES: PROCUREMENT STRATEGY (Pages 109 - 192)

To consider a confidential report by Councillor Julian Thompson-Hill, Lead Member for Finance and Assets (copy enclosed) seeking Cabinet's approval to proceed with the project to implementation stage and set up a framework for construction projects for the North Wales region.

13 CROSS-BOUNDARY SUPPORTED LODGINGS AND NIGHTSTOP (Pages 193 - 196)

To consider a confidential report by Councillor Bobby Feeley, Lead Member for Social Care and Children's Services (copy enclosed) seeking Cabinet's approval of the joint commissioning with Flintshire County Council of a cross boundary Supported Lodgings and Nightstop service.

14 SERVICE STRUCTURES: HIGHWAYS AND INFRASTRUCTURE SERVICE (Pages 197 - 256)

To consider a confidential report by Councillor David Smith, Lead Member for Public Realm (copy enclosed) seeking Cabinet's approval on the preferred option for the future of the Highways and Infrastructure service in both Conwy and Denbighshire.

MEMBERSHIP

Councillors

Hugh Evans
Julian Thompson-Hill
Eryl Williams
Bobby Feeley

Hugh Irving
Huw Jones
Barbara Smith
David Smith

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CABINET

Minutes of a meeting of the Cabinet held in Conference Room 1a, County Hall, Ruthin on Tuesday, 20 November 2012 at 10.00 am.

PRESENT

Councillors Hugh Evans, Leader and Lead Member for Economic Development; Julian Thompson-Hill, Lead Member for Finance and Assets; Eryl Williams, Deputy Leader and Lead Member for Education; Bobby Feeley, Lead Member for Social Care and Children's Services; Huw Jones, Lead Member for Tourism, Leisure and Youth; Barbara Smith, Lead Member for Modernising and Performance, and David Smith, Lead Member for Public Realm

Observers: Councillors Ray Bartley, Joan Butterfield, Richard Davies, Alice Jones, Pat Jones, Gwyneth Kensler, Margaret McCarroll, Dewi Owens, Arwel Roberts, David Simmons, Cefyn Williams and Huw Williams

ALSO PRESENT

Chief Executive (MM); Corporate Directors: Economic and Community Ambition (RM), Customers (HW), Modernising and Wellbeing (SE); Head of Legal and Democratic Services (RGW); Head of Finance and Assets (PM); Head of Customers and Education Support (JW); Head of Education (KE); Head of Planning and Public Protection (GB); Planning Policy Manager (AL); Senior Procurement Officer (SA); Section Manager: Street Lighting (AC) and Committee Administrator (KEJ).

1 APOLOGIES

Councillor Hugh Irving.

2 DECLARATION OF INTERESTS

No declaration of personal or prejudicial interest had been raised.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Cabinet meeting held on 23 October 2012 were submitted.

RESOLVED that the minutes of the meeting held on 23 October 2012 be approved as a correct record and signed by the Leader.

5 FAITH BASED SECONDARY PROVISION

Councillor Eryl Williams presented the report seeking Cabinet's approval to commence informal consultation on the case for change for faith based secondary education provision in the county.

Councillor Williams provided some background to the situation referring to Denbighshire's commitment to delivering significant improvements to schools and school facilities in order to support education. He referred to a systematic approach to educational reviews within the county highlighting those already undertaken as part of that process. In terms of the development of faith based provision, members were advised that the Catholic and Church in Wales Diocesan Authorities, together with the respective Bishops and the Trustees of St. Brigid's had worked with the Council to consider the long term vision for faith-based education and the potential to move towards a single school which could provide joint Catholic and Anglican provision. The next stage involved consultation to gain the views of parents and stakeholders on future provision and to ascertain whether they shared the opinion that a joint provision would strengthen education.

Councillor Hugh Evans reiterated the importance of providing the best education provision and facilities possible and hoped that the consultation findings would ensure that outcome. He noted the view that joint working would lead to clear education benefits for pupils and sought confirmation that all parties were in agreement. The Head of Education advised that discussions had been ongoing with the dioceses and schools and all partners were committed to delivering the best education going forward and accepted the need for review. Councillor Barbara Smith queried the effectiveness of the consultation during the Christmas period and the Head of Customers and Education Support advised that the consultation period had been extended as a consequence but could be extended further if necessary.

Councillor Williams moved the recommendation detailed within the report and it was –

RESOLVED that the commencement of informal consultation in December 2012 on the case for change for Faith Based Secondary Education be approved.

6 REVIEW OF PRIMARY SCHOOL PROVISION IN THE RUTHIN AREA

Councillor Eryl Williams presented the report seeking Cabinet's approval of the review of primary school provision in the Ruthin area and the commencement of information consultation.

Councillor Williams reiterated his previous comments regarding the systematic review of educational provision within the county and the need provide the best education provision possible going forward. He elaborated upon some of the previous reviews already undertaken and difficult decisions which had been made to ensure quality education provision. The context of reviewing schools and education provision was also explained and it was highlighted that some funding elements were dependent on councils managing the process effectively and tackling issues such as surplus places. The main issues facing primary schools in the Ruthin area had been detailed within the report and it was proposed that the review would initially look in detail at eleven primary schools (listed within the

report) and consider all options for future provision. Councillor Williams was keen to stress that no decisions or recommendations had been made at this stage except to approve the commencement of a review and consultation process.

Ruthin Councillors David Smith and Bobby Feeley welcomed the review to address the issues faced by Ruthin schools and ensure quality education and facilities for pupils. Cabinet discussed the complexities involved within the process and Councillor Williams provided examples of developments and initiatives in other schools highlighting the reliance on match funding to continue that work and pressure from the Welsh Government to tackle particular issues in order to access funding provision. Cabinet and lay members took the opportunity to raise questions and discuss a number of issues with Councillor Williams and the officers as follows –

- in response to a question from Councillor Huw Jones, the Head of Customers and Education Support (H:C&ES) reported upon lessons learned from previous reviews in terms of how the review was carried out; implemented, and the outcomes for pupils
- the H:C&EC confirmed that her team worked closely with officers working on the Local Development Plan in order to anticipate any growth in pupil numbers as a result of housing developments
- Councillor Cefyn Williams referred to the school closure following the Edeyrnion area review and sought assurances that this would be the last resort in future reviews, particularly given regard to impact on communities. Councillor Eryl Williams provided assurances that all options would be carefully considered and he elaborated upon the Edeyrnion review and difficult decision to close the school which had been made in the interests of providing the best education possible for pupils
- Councillor Alice Jones voiced her concerns about the detrimental impact school closures had on rural communities and she cautioned against centralising schools in Ruthin. Instead she suggested pupils from Ruthin could be transported to rural schools. She suggested that a plan was already in place involving school closures regardless of consultation. Both Councillors Hugh Evans and Eryl Williams provided assurances that no plan was in place and the consultation responses would inform future actions. Councillor Williams added that there would be transparency of process with every comment responded to and a balanced judgement made. The review was not about closing schools but ensuring the right number of schools, in the right place with sustainability for the future. It would not be appropriate to respond to the comment about transporting pupils because it might prejudice a potential recommendation.

Councillor Williams moved his recommendation as detailed within the report and it was –

RESOLVED that the review of primary school provision in the Ruthin area and the commencement of informal public consultation in February 2013 be approved.

7 UPDATE ON DENBIGHSHIRE LOCAL DEVELOPMENT PLAN

Councillor Eryl Williams presented the report which provided an update on the Local Development Plan (LDP) including responses to the public consultation on additional housing sites and draft phasing policy together with an outline of the next steps.

The report provided some background history leading up to the current situation including a summary of key stages since work began on the LDP in 2006. The main focus of the report was to feedback on the process and representations received in response to the consultation on proposed additional housing sites and the draft phasing policy which had been put forward in response to Planning Inspectors' findings regarding housing need and supply issued in June 2012. Cabinet's support was sought for the draft phasing policy together with their recommendation that the phasing policy and consultation responses be considered by full Council. Councillor Julian Thompson-Hill proposed that late representations also be considered in this case. The Head of Planning and Public Protection (H:P&PP) advised that the acceptance of late representations would need to be drawn to the Inspectors' attention and any late submissions would also need to be identified as such at full Council. Cabinet agreed that late submissions should be accepted in line with the agreed process for Planning Committee.

Councillor Eryl Williams elaborated upon progress with the LDP and advised that 21 potential additional housing sites had been identified for consideration by full Council. He highlighted the importance of ensuring relevant safeguards were in place to guarantee the phasing policy would not be considered unless the housing land supply fell below 5 years. He added that he felt aggrieved by the Inspectors request for further sites to be included within the plan and let down by Assembly Members whose support had been sought over housing provision.

Cabinet discussed the report and expressed disappointment regarding the need to find additional housing sites in light of the extensive process which had already taken place. Some members had concerns regarding individual sites proposed and the Leader advised that any site specific questions must be raised at full Council. It was confirmed that each of the 21 sites would be voted upon individually.

Members took the opportunity to ask questions and discuss a number of issues with the Lead Member and officers arising from the report who responded as follows –

- any additional housing sites agreed by full Council would be submitted to the Inspectors and hearing sessions would be held in January at which objectors would be given the opportunity to speak; objectors would be encouraged to elect a spokesperson but they did have the right to appear individually
- the Inspectors would issue a report following the close of the hearing sessions and their recommendations would be binding on the Council
- the Inspectors supported the new homes target of 7500 but did not believe enough land had been provided to deliver that amount before 2021. Accordingly the Inspectors asked that further sites equating to 1000 houses be included in the plan; the potential 21 sites would provide 980 houses
- reported upon a range of factors which had been taken into account to reach the housing need figure of 7500

- officers believed that an acceptance of the phasing policy would protect those sites because they could only be released for development in specific circumstances
- elaborated upon the extensive consultation process over the lifetime of the plan's development and more recently on the additional housing sites which had also been consulted upon in the earlier stages
- in considering affordable housing and projections for growth the census had shown population growth had not been as high as anticipated
- density on sites had been discussed with the Inspector together with the levels of affordable housing which could be achieved and there was a need to ensure the most appropriate development for each particular area.

Councillor Arwel Roberts commented on the legalities of expressing his personal opinion and the Head of Legal and Democratic Services explained that members could express their opinion but reminded members that comments should be measured and all relevant facts must be taken into account before making a decision. He added that he would be circulating an advice note to councillors before full Council on interests and declarations.

Councillor Alice Jones expressed her concerns regarding the LDP process including conclusions drawn from the study into housing occupancy and population growth and the affordable housing statement of common ground. She also questioned whether Cabinet members would be obliged to vote in favour of the proposals at full Council. The Leader stated that all councillors would vote as they saw fit which had always been the case. Officers responded to the concerns regarding the housing study advising that 3000 houses had been built in Denbighshire but the population had only increased by 600 leading to the conclusion that the majority of those houses had not been occupied by people moving into the county. The study showed that 87% of occupants had moved into the area from Wales with 67% having moved from elsewhere within Denbighshire. The statement of common ground was a public document which had been produced following the Inspector's request that the Council and representatives of house builders discuss the issues concerned.

Councillor Huw Williams welcomed additional housing in Llanbedr which would benefit the local businesses and school within the community.

Councillor Eryl Williams proposed the recommendations contained within the report and the amendment to accept and consider late representations and it was –

RESOLVED that Cabinet –

- confirms the need to have an up to date adopted Local Development Plan for Denbighshire;*
- supports the phasing policy attached at Appendix 1 to the report and the intention to apply it to any additional housing sites submitted by Council to the Planning Inspectors;*

- (c) *notes the report and the representations received in response to the Council's consultation on proposed additional housing sites and draft phasing policy and recommends that they be considered by full Council, and*
- (d) *agrees that any late representations received by 5.00 p.m. on Monday 3 December would be reported to full Council on 4 December 2012.*

8 ANTI-FOULING STRATEGY

Councillor David Smith presented the report seeking Cabinet's approval of the Anti-Fouling Strategy and next steps as described in the Action Plan. The Anti-Fouling Strategy (Appendix 1) and Action Plan (Appendix 2) together with members' key questions (Appendix 3) arising from a recent seminar had been attached to the report.

Members were reminded that dog fouling was a key issue of concern for residents and the Strategy had been prepared in response to the problem. Councillor Smith elaborated upon the three main areas identified in the Strategy which had been assigned a specific Head of Service as follows –

- Communications and Marketing – Jamie Groves
- Collection Arrangements – Steve Parker
- Enforcement – Graham Boase

Each area had an action plan to ensure effective delivery within appropriate timeframes and the impact of the Strategy would be measured against indicators to evaluate effectiveness. Reference was also made to XFOR, the company contracted to carry out environmental enforcement, including dog fouling.

Councillor Bobby Feeley expressed concern that despite responsible disposal of dog mess residue was left behind and she asked whether consideration could be given to banning dogs from specific places such as playgrounds. Councillor David Smith responded that Dog Control Orders were being considered as a separate issue to the Strategy. Councillor Julian Thompson-Hill did not support the implementation of dog control areas because dog owners had a duty to exercise their dogs and could only do so safely in particular areas. During a brief debate the Head of Planning and Public Protection (H:P&P) advised of the legalities of Dog Control Orders and highlighted the need for a comprehensive review and consultation in order to determine appropriate control measures within the county.

Cabinet welcomed the Strategy as a means of addressing the problem of dog fouling within the county and applauded the initiative. The Leader hoped for more specific detail within that document and felt another members' seminar might prove useful. Councillor Joan Butterfield highlighted particular problem areas at Brickfield Pond and Marine Lake and sought assurances that XFOR would not only be concentrating only on easy targets but on difficult problem areas. The H:P&PP reported upon the work of XFOR in tackling the issue of dog fouling confirming they had been instructed to be visible in all communities and not just to target easy areas. Councillor Arwel Roberts stressed the need to enforce the Dog Control Order in Rhuddlan Playing Fields which was being violated. In terms of

communication, Councillor Roberts highlighted the need for accurate translations and appropriate contact with Town and Community Councils.

Councillor David Smith asked that members let him know of any particular problem areas which needed targeting. He moved the recommendations contained within the report and proposed an amendment that a study also be conducted into Dog Control Orders.

RESOLVED that Cabinet –

- (a) *approve the Anti-Fouling Strategy and agree the next steps as described in the Action Plan (attached as Appendix 1 and 2 to the report respectively), and*
- (b) *requests officers to conduct a study into the suitability and effectiveness of Dog Control Orders.*

9 FINANCE REPORT 2012/13

Councillor Julian Thompson-Hill presented the report detailing the latest financial position and progress against the agreed budget strategy. He provided a brief summary of the Council's financial position as follows –

- an under spend of £210k was forecast across service and corporate budgets with the forecast for schools being a positive movement on balances of £169k
- £2.423m (70%) of agreed savings had been achieved with £995k (29%) being progressed and £25k (1%), relating to printer rationalisation, being deferred to next year
- highlighted key variances from budgets or savings targets and details of individual service budgets
- a general update on the Capital Plan and Housing Revenue Account.

Councillor Thompson-Hill clarified a number of issues arising from the report in response to members' questions. Councillor Hugh Evans stated that although the savings of individual services had been detailed it would be useful for future reports to denote the percentage of service savings in order to provide a clearer picture of services saving allocations. Councillor Thompson-Hill advised that the percentage of savings over the last three years for individual services could be provided but it was important to provide some context to those figures. Specific services targets had not been set to date and methodologies for future target setting were being considered. Councillor Bobby Feeley highlighted that Adult Services was statutory and required to respond to a number of future pressures with cost implications attached. The Chief Executive asked that further detail of the pressures in the Highways and Infrastructure budget be provided consistent with other service budgets.

RESOLVED that the latest financial position and progress against the agreed budget strategy be noted.

10 CABINET FORWARD WORK PROGRAMME

Councillor Hugh Evans presented the Cabinet Forward Work Programme for consideration and it was –

RESOLVED that Cabinet's Forward Work Programme be noted.

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 Paragraph 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

11 AWARD DECISION FOR ALL WALES AND AGMA FRAMEWORK AGREEMENT FOR THE PROVISION OF HIGHWAY LIGHTING MATERIALS

Councillor David Smith presented the confidential report (previously circulated) seeking Cabinet's approval to use the recently developed All Wales and Association of Greater Manchester Authorities (AGMA) Framework Agreement for the Provision of Highway Lighting Materials.

Councillor Smith paid tribute to the hard work of Andy Clark, Section Manager: Street Lighting and Stuart Andrews, Senior Procurement Officer in developing the collaborative framework. He hoped that the model could be replicated elsewhere within the authority for other projects. Reference was also made to the achievements of the Street Lighting Team who had previously won the Performance Networks Best Performer category in the Association for Public Service Excellence award and had been short listed again for this year's award.

The officers provided further details of the procurement provision and the collaborative framework agreement and highlighted potential savings for the Council and other organisations as a result of the project. In response to questions the Section Manager: Street Lighting reported upon investment options to provide long term efficiencies and confirmed that wherever possible local businesses were used for smaller commodities. Members recognised the dedication of the officers and hard work involved in developing the framework agreement and thanked them for their efforts.

RESOLVED that Cabinet authorise the Street Lighting Manager to use the recently developed All Wales and AGMA Framework Agreement for the Provision of Highway Lighting Materials.

The meeting concluded at 12.45 p.m.

Report To: Cabinet Meeting

Date of Meeting: 18 December 2012

Lead Member / Officer: Councillor Hugh Irving

Report Author: Peter McHugh

Title: Delivering the Welsh Housing Quality Standard

1. What is the report about?

To update Cabinet on progress in meeting the Welsh Housing Quality Standard.

2. What is the reason for making this report?

The report is for information and provides members with an update on progress being made in delivering the Welsh Housing Quality Standard to all of the Councils Housing Stock; it outlines costs incurred for contracts 6/7 & 8, provides an overview of customer satisfaction and wider regeneration benefits from undertaking these works.

3. What are the Recommendations?

That Cabinet note the progress in delivering the WHQS to the Councils rented housing stock.

4. Report details.

The Housing refurbishment programme commenced in 2005 and was allocated into a number of "lots" in order to spread the work more evenly across the geography of the county, to provide better value for money and to ensure the works could be effectively programmed by the building industry. Eight housing contract "lots" have been successfully tendered through the housing refurbishment framework contract with contracts 1-5 now complete, contracts 6 and 7 currently on site and contract 8 now approved and programmed to start at the end of November. The estimated completion date for the programme is December 2013.

Since 2009 DCC have completed refurbishment to 1172 properties to bring them up to the WHQS standard. There are currently 136 properties outstanding on contract 6, 170 on contract 7 and 171 on contract 8. Once the remaining properties are completed, this will bring the total number of properties refurbished between 2009 and 2014 up to 1649 dwellings.

Prior to 2009, a further 1,800 properties were refurbished which brings the total number of properties fully improved by the end of 2013 up to 3463 dwellings.

Current Contracts.

Following the successful delivery of Contracts 1 to 5, Contracts 6, 7 and 8 were let through the Housing Refurbishment Framework.

The following delivery programme has been agreed for contracts 6, 7 and 8:-

Contract 6	Total No. of properties to be refurbished	221
	Contract Commencement Date	16 th April 2012
	Contract Completion Date	27 th Sep 2013
	Contract Sum	£2.8m
Contract 7	Total No. of properties to be refurbished	192
	Contract Commencement Date	20 th Aug 2012
	Contract Completion Date	15 th Nov 2013
	Contract Sum	£2.4m
Contract 8	Total No. of properties to be refurbished	171
	Contract Commencement Date	29 th Nov 2012
	Contract Completion Date	21 st Dec 2013
	Contract Sum	£2.8m

Contracts 6, 7 and 8 also include for window and external door replacement and new heating installations. It is worth noting that many of the properties in contracts 6/7 & 8 were refurbished prior to the commencement of WHQS contract works in 2005. Therefore even though these dwellings are at the end of the WHQS programme many homes already possess double glazing and relatively modern kitchens and bathrooms. These properties have now in essence fallen out of compliance with the standard and the proposed works in contracts 6/7/8 will bring them back up to full compliance with the standard.

Officers have sought to use the WHQS contracts to support local sub contractors and supply chains within Denbighshire. Examples of local and supply chains include:

- Adever recruiting 8 apprentice joiners and wet trades and 2 office based staff since starting on the improvement programme in 2010
- Agreement reached between Adever and Crest Co-operative in 2012 to recycle kitchens and bathrooms
- All sub contractors with Adever and 69% of site personnel with Brammal came from a DCC area post code
- All kitchens supplied locally by Howdens
- 100% of Heating Contract works dealt with by local labour

In addition to works provided under the improvement programme tenants also benefited from associated works such as loft and cavity wall insulation which have significantly improved the SAP rating and uValue for the stock.

Cabinet will be aware that the original objective of Welsh Government was that all social housing stock would be brought up to the standard by 2012. However as can be seen from Appendix A this has not proved to be realistic (or a good example of value for money) for many landlords. In the case of Denbighshire the programme has been smoothed to reduce an over reliance on one contractor some small delays in approving contracts and respecting the wishes of tenants (for example tenants asked in November that works do not commence before Christmas) have all added to the 2012 target been exceeded. Welsh Government are however very happy with the progress being made by Denbighshire and the Head of Housing and Community Development has been appointed to a Ministerial Task Force to advise the Minister for Housing, Regeneration and Heritage on options to enable Wrexham, Flintshire and Swansea to achieve WHQS.

5. How does the decision contribute to the Corporate Priorities?

Delivering the Welsh Housing Quality Standard is a key priority for both the Council and Welsh Government.

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

The costs of delivering the Welsh Housing Quality Standard are contained within the Housing Revenue Account Business Plan and include a combination of Major Repairs Allowance, Usable Capital Receipts and prudential borrowing. The works are funded through a capital works programme and a recent stock condition survey has identified that the Housing Revenue Account is viable and sustainable over the 30 year business planning period.

7. What consultations have been carried out?

Regular reporting to scrutiny committee has taken place and tenants have been heavily involved in the improvement works through a series of working groups dealing with environment improvements, WHQS and the selection of preferred contractors.

Detailed surveys are undertaken following each improvement contract with satisfaction rates of 90% plus being recorded on all completed contracts.

8. Chief Finance Officer Statement

The estimated date for achievement of the Standard in Denbighshire is only a few months from the national target set several years ago. There have been cost pressures within some of the contracts but these have been managed effectively and meant that none of the contracts has so far exceeded pre-tender estimates or the assumptions within the Housing Stock Business Plan. The Plan itself will be fully revised soon to take account of the recent stock condition survey and possible changes to the housing subsidy system in Wales.

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

There is a risk register relating to delivering the Welsh Housing Quality Standard however the risks associated with failing to deliver the standard are considered low with all stock expected to reach the standard by 21 December 2013.

10. Power to make the Decision

The report is for information

Expected Completion date for Compliance with WHQS

Appendix A

Landlord	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Appd.
Traditional RSL									
Aelwyd HA	X								
Bro Myrddin HA			X						N
Cadarn Housing Group			X						N
Cadwyn HA		X							N
Cardiff Community		X							N
Coastal HA	X								
Cynon Taf CHG		X							N
Family Wales HA	X								
First Choice	X								
Gwalia	X								
Hafod HA	X								
Linc Cymru	X								
Melin Homes	X								
Merthyr HA			X						N
Mid Wales HA	X								
North Wales HA			X						N
Pemps HA	X								
Pennaf Housing Group		X							N
Rhondda HA		X							N
Seren	X								
Tai Cantref	X								
Tai Clwyd			X						N
Tai Eryri	X								

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Agenda Item 6

Report To: Cabinet

Date of Meeting: 18th December 2012

Lead Member/Officer: Councillor Bobby Feeley
Lead Member for Social Care and Children's Services
Sally Ellis, Corporate Director of Modernisation and Wellbeing

Report Authors: Anne Hughes-Jones, Service Manager, Adult Services and
Clare John, Senior Finance Officer

Title: Consultation on the Supporting People Spend Plan & changes
to the Supporting People Strategy for 2013 to 2014

1. What is the report about?

The three year spend plan for Supporting People (SP) and changes to the SP Strategy including the implications for Denbighshire County Council of changes to the SP Programme across Wales.

2. What is the reason for making this report?

A decision is required on approving the Supporting People Strategy & Spend Plan. To provide information on changes to the SP Programme across Wales.

3. What are the Recommendations?

To agree the changes to the Supporting People Strategy & Spend Plan for 2013-14, prior to plans being submitted to the Regional Collaborative Committee and the Welsh Government.

4. Report details.

4.1 Supporting People is a significant programme providing "housing related" support services to a wide range of vulnerable groups, including people who are homeless, people with mental health needs, learning disabilities, the young & vulnerable, people with substance misuse need, ex-offenders, people fleeing domestic violence and older people. The aim is to enable them to maintain secure housing while developing other aspects of their lives promoting independence. The Supporting People Programme has been evaluated at national level and shown to deliver very positive financial and non financial benefits. In Denbighshire, Supporting People funds a wide range of services including elements of sheltered housing, extra care, women's refuges, community living schemes for people with learning disabilities and schemes for homeless people.

Current Position.

4.2 Changes to the administration of the SP programme are taking place across Wales. These include a new funding distribution formula, and transfer of contracting responsibilities for some services from Welsh Government to local authorities. In addition, new governance arrangements, including Regional Collaborative

Committees (RCC), with key responsibilities for the SP Programme, have now been established across Wales.

- 4.3** The RCC has responsibility to make recommendations on local and regional spend to the Minister who would then make the resource decision. Therefore the Minister would be involved in decisions on local and regional spend on SP services and virement of funding between the local and regional plans within the region

Implications for Denbighshire

- 4.4** The implementation of the needs based distribution formula referred to above, is anticipated to lead to funding reductions of £1.5m in Denbighshire over a 5 year period, beginning in 12/13. The rate of cut is 4% (£273k in 12/13), 4% in 13/14 (£276k) plus 5% in each of 14/15, 15/16 plus 16/17. Denbighshire has begun to prepare for how it will approach mitigating this loss, but it remains a very substantial loss of funding, with particular impact likely on adult social care services. The establishment of Regional Collaborative Committees reduces the role that the Council has previously had. New guidance and changes to grant terms and conditions are also reducing flexibility.

The RCC delivery structure

- 4.5** There are many unknowns about how the new delivery structure will operate, no similar multi-sector body, including both commissioners and providers, has existed previously so there is no track record of relationships and trust on which to base collaboration. All stakeholders believe that there are benefits to be gained from cross border working, especially where there are specialized needs. However, there is potential for disagreement about how the new arrangements and guidance are interpreted. This has the potential to expose grant holding bodies to risk in addition to that from reduced funding due to redistribution. This is particularly so in North Wales as all North Wales authorities stand to lose under redistribution.
- 4.6** Recommendations made to Cabinet on 4th September were that, despite identified risks, Denbighshire should participate in the new arrangements and aim to influence delivery from “inside the tent.” The risks are such, however, that the impact of the new arrangements does need careful scrutiny, especially over the next 12 months, as the major changes are introduced.

Changes to the SP strategy 2013/14

- 4.7** Details of the changes are included in appendix 1 pages 2 and 3 and are highlighted in yellow for ease of identification. A new 3 year rolling strategy will need to be developed during 2013 to mirror the new 3 year spend plan and this will set out how the projected deficit in 2014/15 and 2015/16 will be managed.

The 3 year spend plan

- 4.8** The grant calculations and impact of the spending reduction for 2012/13 and subsequent 4 years are shown in Appendix 2.
- 4.9** The overall reduction of 4% in 13/14 equates to £276k and proposals will be put to the RCC for reductions to be found within PDSI (£125K) (which has a reduced

demand) uncommitted resources from 12/13 (£109k) and learning disability services (£42k).

- 4.10** The 3 year spend plan also requires the reporting of 2014/15 and 2015/16. The obligatory levels of savings are again detailed in Appendix 2. Though WG requires a 3 year spend plan (13/14 to 15/16) it is DCC's intention to be clear at this stage about Year 1 (13/14) but to state that more time is needed to develop proposals for 14/15 and 15/16. We believe other North Wales authorities will do the same. It is also DCC's proposal that a more even distribution of the cut is applied as all cuts to date have been taken from former SPG services (essentially those funding community care related services). The required levels of savings have been broken down into the previously categorised SPG, SPRG and WAG SPRG projects. These reductions are required in order to balance the indicated grant funding for 2014/2015 and 2015/2016.
- 4.11** All projects are subject to a review process. As this develops, the reviews may help inform other options to deliver the required level of savings. All reviews will consider the eligibility of services, "strategic relevance to fund" and performance against contracts and outcomes.
- 4.12** The 2012/13 and 2013/14 Spend Plans are included in Appendix 3.
- 4.13** The time scales for reporting the financial information to the RCC is included in Appendix 4.

5. How does the decision contribute to the Corporate Priorities?

Regional collaboration and a regional strategy for commissioning and delivering services will contribute towards managing the downsizing of the grant and the protection of front-line services. However we need to ensure final arrangements for RCCs do achieve this effectively.

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

The estimated reduction in SP grant over the next 5 years is projected to be approximately £1.5m for Denbighshire.

This will have an impact on the Social Care and Housing budgets. The final impact is unclear but is £167k in 13/14 and could be around £133k in 14/15 and £126k in 15/16.

The projects and changes identified will be managed within the existing Supporting People budget allocated to Denbighshire by the Welsh Government.

7. What consultations have been carried out?

Consultation on SP Programme Arrangements and guidance

The Welsh Government has undertaken extensive consultation on the proposals for RCC's. The WG planned review of the new arrangements will include an assessment of how the Programme is meeting the requirements of the WG Single Equality Scheme and action plan.

Consultation on Denbighshire's SP strategy and Spend plan

The Supporting People Planning Group held 3 meetings during the development of this report and considered "Strategic Priority to Fund" commissioning tools, Needs Mapping Exercise (NME) data, outcomes reports, supply map information and feedback from stakeholders and consultation meetings.

A consultation event for current support providers was held in July 2012 and feedback reported to the SP Planning.

A final consultation event with providers & stakeholders will take place early in December.

A report was submitted to the Communities Scrutiny Committee on 6th December 2012. The final document will be submitted to the Supporting People Planning Group on 10th December 2012.

8. Chief Finance Officer Statement

The reductions in grant funding and the implications on the Supporting People programme - and the wider impact on other social care budgets will continue to be carefully managed. The council has been prudent and made some financial provision to dampen the impact of funding reductions but the programme and the services it funds will have to be kept under review to ensure expenditure does not exceed the allocated funding. The establishment of a regional structure to manage Supporting People is at an early stage and the full implications of this will become clearer over the coming months.

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

The proposals to manage the reduction in grant funding in 2013/14 are reasonable. Any in-year shortfall in social care budgets could be met from the reserve established to manage the planned grant cuts. The proposal to distribute grant reductions equally over all SP services spreads the impact more evenly but does pose risks within the context of a regional committee with potentially differing views around priorities within the overall SP funding. A more even distribution of cuts means the impact upon the council generally is more manageable and would provide more flexibility in use of the SP reserve to deal with the issue.

10. Power to make the Decision

To determine the content of any plan, strategy or other policy document
Requires approval by the Lead Cabinet Member in accordance with Statutory Instrument 2001 No. 2291 (W,179) Regulation 4 (3)(c) + (d).

SP Strategy Changes 13/14

Section 5: Proposed Actions 2013 – 2014

5.1 Actions for the Community Safety & Homelessness funding portfolios 2013-14

5.1.1 Redistribution	
Action 2013 – 2014	Finance
5.1.1.1 Determine the long term Strategic Priority to Fund of all services in the light of a likely reduction in funding for Denbighshire resulting from the geographical redistribution of Supporting People funding across Wales.	Review existing funding
5.1.2 Domestic Abuse	
Action 2013 – 2014	Finance
5.1.2.1 Review Domestic Abuse floating support services in the light of findings from the possible new county wide service (see c above) & Denbighshire's "move on" framework to inform future strategic priority to fund (SPTF)	N/A (within existing Supporting People (SP) Team resources)
5.1.3 Ex Offenders	
Action 2013 – 2014	Finance
5.1.3.1 Implement the findings of a North Wales Supporting People Planning Group regional review of ex-offender services at a local level. This will consider provision for women ex-offenders.	Review existing services if required.
5.1.4 Families	
Action 2013 – 2014	Finance
5.1.4.1 Establish robust systemic links between Supporting People services for Families and Integrated Family Support Services at both strategic and operational levels.	N/A (within existing SP Team resources)
5.1.5 Young People	
Action 2013 – 2014	Finance
5.1.5.1 Review all Young People's accommodation based services with a focus on outcomes and rent levels (Carried forward from 2012/13)	N/A (within existing SP Team resources)
5.1.5.2 Continue to seek to develop a 24 hour staffed Young People project subject to securing appropriate accommodation.	Plans are in place for the building of a supported housing project in Denbigh. Commissioning of support services for this project will take place as the project develops. Long term funding is already allocated and this will progress in the next 1-2 years.
5.1.5.3 Review the effectiveness of Y Dyfodol's new dispersed model of supported housing following embedding of the new service model.	N/A (within existing SP Team resources)
5.1.5.4 In anticipation of the end of temporary recycled funding for the Nacro Symud Ymlaen 24Hour provision, to determine future service specification and revenue funding for the property n partnership Clwyd Alyn Housing Association e.g. as a jointly commissioned small assessment centre for young homeless people as described in the Denbighshire County Council Young People's Housing and Support Action Plan	To be funded with Housing Services and Children and Family Services.
5.1.6 Homelessness	
Action 2013 – 2014	Finance
5.1.6.1 Consider the implications for housing related	07/03/2012 SPPG agreed that this action

support services of Housing Services review of the accommodation requirements of Gypsies & travellers to ensure that needs are addressed through inclusive service responses.	should be carried forward to 2013-2014 pending the completion of Housing Service' review.
5.1.6.2 Monitor and review the impact of welfare reforms and benefit cuts and liaise with Denbighshire County Council Housing Services' project with to mitigate the effects of these changes for residents in housing need.	Consultation has taken place with Housing around the House Share Scheme

5.1.7 Substance Misuse (Homelessness Prevention and Community Safety)	
Action 2013 – 2014	Finance
5.1.7.1 Implement the Regional SP Strategy for people with Substance Misuse needs when published.	Review existing services if required

5.2 Actions for the Community Care & Older People funding portfolio 2013 – 2014	
5.2.1 Regeneration	
Action 2013 – 2014	Finance
5.2.1.1 Review the potential need for additional capacity for existing floating support services.	This action will be carried forward to 2013-14.

5.2.2 Redistribution	
Action 2013 – 2014	Finance
5.2.2.1 Determine the long term Strategic Priority to Fund of all services in the light of a likely reduction in funding for Denbighshire resulting from the geographical redistribution of Supporting People funding across Wales.	Review existing funding

5.2.3 Mental Health (Community Care)	
Action 2013 – 2014	Finance
5.2.3.1 Continue to seek to develop a 24 hour staffed Mental Health project subject to securing appropriate accommodation. Utilise Telecare where possible and appropriate & tie service into the "Move-on" Framework	Long term funding already allocated
5.2.3.2 To contribute to achieving the outcome detailed in Denbighshire's Big Plan to: <i>"provide effective preventative support services to vulnerable individuals and families, including those with mental health problems, to ensure their housing needs are met. People with mental health needs will be more effectively supported to live independently, in their own homes."</i>	Existing Resources
5.2.3.3 To investigate the potential for improving information sharing and the coordination of accommodation based services for people with Mental Health needs given the absence of a system similar to Swansea City Council's "OASIS" (Opportunities for Accommodation and Support in Swansea) service in North Wales.	

5.2.4 Older People	
Action 2013 – 2014	Finance
5.2.4.1 To develop an Older peoples accommodation and support strategy in collaboration between the Supporting People team and Housing Services to commence in 2012-13 and complete in 2013-14.	Existing Resources

APPENDIX 2

Grant Funding	2012/2013 £	2013/2014 £	2014/2015 £	2015/2016 £	2016/2017 £	
SPG						
SPRG						
SPRG - ASP						
Total	6,725,544	6,449,793	6,127,303	5,820,938	5,529,891	
£ Reduction	272,929	275,751	322,490	306,365	291,047	1,468,582
Budget Reduction Assumptions	4%	4%	5%	5%	5%	
Impact on Funding & Reserves						
INCOME						
SP Grant	6,725,544	6,449,793	6,127,303	5,820,938	5,529,891	
Additional Funding	30,531	30,531	30,531	30,531	30,531	
TOTAL INCOME	6,756,075	6,480,324	6,157,834	5,851,469	5,560,422	
Reduction Funded by:						
Reduced PDSI funding:		125,000				
Uncommitted Resources		109,049				
Learning Disability		41,702				
Total Reduction:		275,751				

% GRANT REDUCTIONS - 2014/15			
			£
SPG - DCC	41.22%		132,944
SPG - External Providers	11.92%		38,425
SPRG	17.45%		56,289
WAG SPRG	29.41%		94,833
TOTAL REDUCTION REQUIRED:			322,490

% GRANT REDUCTIONS - 2015/16			
			£
SPG - DCC	41.22%		126,296
SPG - External Providers	11.92%		36,503
SPRG	17.45%		53,474
WAG SPRG	29.41%		90,091
TOTAL REDUCTION REQUIRED:			306,365

Appendix 3 Spend Plan 2012/2013 (August 2012 – March 2013)

SPEND PLAN PRO-FORMA 2012/2013 - AUGUST 2012 TO MARCH 2013																	
Region	North Wales						*The Total SPPG must not exceed the Annual Allocation*										
Local Authority	Denbighshire County Council																
Year	2012-13: 1st August 2012 - 31st March 2013																
Annual Allocation :	£4,443,808																
Service Type																	
Fixed Site (Accommodation Based) Floating (Community Based)																	
Client Spend Category (The category to which the service is primarily focused)	Client Units		Less than 6 Months		Client Units		6 - 24 Months		Client Units		24 Months plus		Total	Local Authority Contribution	Proposed (Reserved) Service Plans		
	Numbers	£	Numbers	£	Numbers	£	Numbers	£	Numbers	£	Numbers	£			£	Client Units	Cost
1 Women experiencing Domestic Abuse	9	122,441	7	41,501	0	0	0	0	24	125,688	0	0	289,630				
2 Men experiencing Domestic Abuse	0	0	2	14,669	0	0	0	0	0	0	0	0	14,669				
3 People with Learning Disabilities	0	0	0	1,295	59	818,789	0	0	23	55,502	5	11,219	886,805	5,979			
4 People with Mental Health Issues	0	0	8	112,546	11	77,027	20	47,551	51	167,332	4	5,667	410,122				
5 People with Alcohol Issues	0	0	0	0	0	0	0	0	8	14,447	0	0	14,447	14,375			
6 People with Substance Misuse Issues	0	0	11	70,017	0	0	0	0	9	44,871	0	0	114,888				
7 People with Criminal Offending History	0	0	4	24,259	0	0	0	0	0	0	0	0	24,259				
8 People with Refugee Status	0	0	0	0	0	0	0	0	0	0	0	0	0				
9 People with Physical and/or Sensory Disabilities	0	0	0	0	1	2,273	0	0	0	0	17	100,369	102,641				
10 People with Developmental Disorders (ie. Autism)	0	0	0	0	0	0	0	0	0	0	0	0	0				
11 People with Chronic Illness (including HIV,Aids)	0	0	0	0	0	0	0	0	4	4,883	0	0	4,883				
12 Young people who are Care Leavers	0	0	0	0	0	0	0	0	0	0	0	0	0				
13 Young people with Support Needs (16 to 24)	0	0	55	505,406	0	0	7	33,185	35	85,652	0	0	624,243				
14 Single Parent Families with Support Needs	0	0	10	65,451	0	0	0	0	0	0	0	0	65,451				
15 Families with Support Needs	0	0	0	0	0	0	0	0	107	426,050	0	0	426,050				
16 Single people with Support Needs not listed above (25 to 54)	0	0	4	84,980	0	0	0	0	0	0	0	0	84,980				
17 People over 55 years of age with Support Needs (this category must be exclusive of alarm services)	0	0	0	0	1,514	575,365	9	25,455	0	0	0	0	600,820				
18 Generic/Floating support/Peripatetic (tenancy support services which cover a range of user needs)	0	0	0	0	0	0	12	106,064	108	381,531	0	0	487,595				
19 Alarm services (including alarms in sheltered and extracare schemes)	0	0	0	0	1,760	76,750							76,750				
TOTALS	9	122,441	101	920,124	3,345	1,550,204	48	212,254	369	1,305,955	26	117,254	4,228,233	20,354			
													4,228,233	0			
													215,575				
													4,443,808				
													4,443,808				

Appendix 3 Spend Plan 13/14

SPEND PLAN PRO-FORMA 2013 - 2014																		
Region :	North Wales						*The Total SPPG must not exceed the Annual Allocation*											
Local Authority :	Denbighshire County Council																	
Grant Allocation :	£6,449,793																	
	Service Type												Total	Local Authority Contribution	Proposed (Reserved) Service Plans			
	Fixed Site (Accommodation Based)						Floating (Community Based)								£	£	Number s	£
Client Spend Category (The category to which the service is primarily focused)	Client Units	Less than 6 Months	Client Units	6 - 24 Months	Client Units	24 Months plus	Client Units	Less than 6 Months	Client Units	6 - 24 Months	Client Units	24 Months plus	£	£				
1 Women experiencing Domestic Abuse	9	183,662	7	62,251	0	0	0	0	24	188,533	0	0	434,446					
2 Men experiencing Domestic Abuse	0	0	2	22,003	0	0	0	0	0	0	0	0	22,003					
3 People with Learning Disabilities	0	0	0	1,943	59	1,187,308	0	0	23	83,253	5	16,828	1,289,332	8,968				
4 People with Mental Health Issues	0	0	8	168,818	11	115,541	20	71,326	51	239,944	4	19,553	615,183					
5 People with Alcohol Issues	0	0	0	0	0	0	0	0	8	21,670	0	0	21,670	21,563				
6 People with Substance Misuse Issues	0	0	11	105,025	0	0	0	0	9	67,306	0	0	172,332					
7 People with Criminal Offending History	0	0	4	36,388	0	0	0	0	0	0	0	0	36,388					
8 People with Refugee Status	0	0	0	0	0	0	0	0	0	0	0	0	0					
9 People with Physical and/or Sensory Disabilities	0	0	0	0	1	3,409	0	0	0	0	17	25,553	28,962					
10 People with Developmental Disorders (ie. Autism)	0	0	0	0	0	0	0	0	0	0	0	0	0					
11 People with Chronic Illness (including HIV,Aids)	0	0	0	0	0	0	0	0	4	7,324	0	0	7,324					
12 Young people who are Care Leavers	0	0	0	0	0	0	0	0	0	0	0	0	0					
13 Young people with Support Needs (16 to 24)	0	0	51	758,110	0	0	7	49,777	35	128,478	0	0	936,365					
14 Single Parent Families with Support Needs	0	0	10	98,177	0	0	0	0	0	0	0	0	98,177					
15 Families with Support Needs	0	0	0	0	0	0	0	0	107	639,075	0	0	639,075					
16 Single people with Support Needs not listed above (25 to 54)	0	0	4	127,470	0	0	0	0	0	0	0	0	127,470					
17 People over 55 years of age with Support Needs (this category must be exclusive of alarm services)	0	111,621	0	0	1,514	672,957	9	38,182	0	0	0	0	822,760					
18 Generic/Floating support/Peripatetic (tenancy support services which cover a range of user needs)	0	0	0	0	0	0	12	187,521	108	572,297	0	0	759,818					
19 Alarm services (including alarms in sheltered and extracare schemes)	0	0	0	0	1,760	115,125	0	0	0	0	0	0	115,125					
TOTALS	9	295,283	97	1,380,186	3,345	2,094,340	48	346,806	369	1,947,880	26	61,934	6,126,430	30,531				
													6,126,430	0				
													323,363	0				
													6,449,793					
													6,449,793					
													-0					
													6,449,793					

Time Scales for Reporting

Annex A

Supporting People Spend Plan Timetable for the Transition Year – 2012/13

Please note: Commissioning Plans including the spend plan will need to be prepared on an annual basis.

Date	Action	Actionee
August 2012	Local authorities SP Teams prepare proposed Spend Plan in consultation with stakeholders for August 2012 – March 2013 based upon indicative figures given.	LA SP Team
August 2012	Local authorities SP Teams finalise local SPPG proposed Spend Plans for the transition year for local authority political approval.	LA
August 2012 (and monthly thereafter)	First payment of SPPG to local authorities (1/8 th of remaining grant) on or near the final working day of the calendar month.	WG
September 2012	Local authorities forward proposed Spend Plans to the co-ordinating local authority for their RCC.	LA
September 2012	Co-ordinating local authority collates each proposed Spend Plan and produces a draft Regional Plan.	LA
September 2012	RCC consider draft Regional Plan. RCC forward draft Regional Plan to Welsh Government for consideration, advising whether agreed by RCC or in exceptional cases advising of areas of contention.	RCC
Sept/Oct 2012	Welsh Government considers Regional Spend Plans and decides on allocation of funds.	WG
	<i>The Welsh Government recognise that this is a challenging timeframe. Whilst delays may occur, Regional Spend Plans should be agreed and in place no later than mid October 2012</i>	

Supporting People Spend Plan Timetable – 2013/14, 2014/15 and 2015/16

Date	Action	Actionee
Oct/Nov 2012	Local authorities SP Teams prepare proposed Spend Plan in consultation with stakeholders for the next three financial years (2013/14, 2014/15 and 2015/16).	LA
December 2012	Welsh Government to issue indicative forward allocations to local authorities.	WG
December 2012	Local authorities SP Teams submit local SPPG proposed Commissioning Plans, including spend plan, for the following three year period for local authority political approval.	LA
December 2012	Following political approval, Local authorities forward proposed Commissioning Plans to the co-ordinating local authority for their RCC.	LA
January 2013	Co-ordinating local authority collates each proposed Commissioning Plan and produces a draft Regional Plan.	LA
January 2013	RCC consider draft Regional Commissioning Plan. RCC forward draft Regional Commissioning Plan to Welsh Government for consideration advising whether agreed by RCC or in exceptional cases advising of areas of contention.	RCC
February 2013	Welsh Government budgets are confirmed.	WG

February 2013	Welsh Government considers Regional Spend Plan and decides on allocation of funds.	WG
March 2013	Welsh Government issues 2013/14 offer packs to local authorities.	WG
	For the 2013/14 Spend Plan, the timescales above should be adhered to.	

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Report To: Cabinet

Date of Meeting: 12TH December 2012

Lead Member / Officer: Cllr Julian Thomson Hill / Paul Mcgrady

Report Author: Arwel Staples, Strategic Procurement Manager

Title: National Procurement Service (NPS)

1. What is the report about?

1.01 The business case is now complete for the creation of a National Procurement Service (NPS) and all public sector organisations in Wales have been invited to provide formal commitment to join the service. The deadline for indicating our commitment is 14th December 2012. (A copy of the letter and pro forma for completion is attached at Appendix 1).

2. What is the reason for making this report?

2.01 To seek Cabinet approval to join the proposed Welsh public sector National Procurement Service, with an initial 5 year commitment.

3. What are the Recommendations?

3.01 Cabinet are asked to support the NPS and Denbighshire's membership for a 5 year period subject to the conditions set out in 4.28.

4. Background

4.01 The 2010 review of procurement in the Welsh public sector "Buying Smarter in Tougher Times" recommended that for common repetitive spend, contracts should be established on a "Once for Wales" basis.

4.02 The Compact emphasised this commitment by confirming the development of a business case to establish a National Procurement Service (NPS).

4.03 The business case is now complete and all public sector organisations in Wales have been invited to provide formal commitment to join the service. (A copy of the letter and pro forma for completion is attached at Appendix 1).

4.2 Considerations

4.21 The proposed NPS will undertake procurement for between 20%-30% of the total spend across the public sector in Wales. The categories of

spend included are set out on Page 4 on the invitation letter at Appendix 1.

- 4.22 The level of spend covered by the NPS is estimated at £967 million, savings are estimated at £75 million over a 5 year period, with minimum savings for Local Government of £6million per annum. A copy of the Business Case Executive Summary is attached at Appendix 2 of the report.
- 4.23 The establishment of the service will require an investment of £2.4 million per annum to establish and resource the hosting organisation. Expressions of interest are currently being sought from across the public sector to host a new service.
- 4.24 Commitment to the service will be on the basis that the service will be centrally funded by Welsh Government until 2016/17 after which it's proposed that the funding of the service will switch to a self-funding supplier rebate model.
- 4.25 The NPS is intended to complement our local procurement capacity and allow that capacity to concentrate on non-standard spend "Denbighshire" specific contracts.
- 4.26 The North Wales Procurement Partnership which currently manages a range of regional procurement projects is currently being reviewed alongside a business case for an enhanced regional procurement service. In undertaking this review we need to ensure there are no overlapping procurement categories which impact the respective business cases.
- 4.27 In committing to the NPS there is an expectation to commit to using all the contracts established by the service. There will be an "opt out" mechanism, however this would only be by exception and need to be justified to the NPS board in advance of the tender process commencing.

5. How does the decision contribute to the Corporate Priorities?

- 5.1 It is difficult to identify specific Denbighshire efficiencies until the service is active. However, the business case has identified a minimum level of savings for Local Government of £6 million per annum. The level of savings will be dependent by the "buy in" into the service and the resultant scale of the procurement.

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

- 6.1 There is no requirement for direct funding from the Authority, since Welsh Government and subsequently supplier rebates will fund the service. However, dependent on the location of the host organisation, there could be an increase in travel costs, if DCC officers are expected

to participate in specific User Groups for individual procurement projects.

- 6.2 It's anticipated that the creation of the NPS will require "buy in" from service departments that currently procure within the range of categories identified to be in scope of the NPS. This in turn may require officer participation in creating national contracts rather than procuring on a local or regional level.

7. What consultations have been carried out?

- 7.1 There has been a number of consultation events arranged nationally and regionally over the last 12 months in developing the NPS Business Case. This has included consultation at many levels including Chief Executives, Heads of Finance, Heads of Procurement, WLGA meetings.
- 7.2 On-going updates have also been presented to CET, SLT and Cabinet regarding the progress of the NPS internally over the last 12 months.

8. Chief Finance Officer Statement

The Council has seen recent examples of where better procurement has led to significant savings including school transport and most recently street lighting. The NPS, if well managed and with appropriate engagement from partners, offers scope to deliver further savings.

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

- 9.1 The main risks to the success of the NPS, is lack of engagement at officer level in complying with the contracts that are put in place. There will need to be strong governance from CET and SLT to ensure that unless it's justified, that procurement arrangements are supported and used.
- 9.2 As set out in the conditions to commitment above, the Authority will need to ensure that there is an appropriate exit strategy in place, if the use or continuation of using the NPS is not in the best interest of Denbighshire.

10. Power to make the Decision

Section 151 of the Local Government Act 1972 requires the Council to have proper processes in place for sound financial management.

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Civic Centre/Canolfan Ddinesig
Newport/Casnewydd
South Wales/De Cymru
NP20 4UR

8th October 2012

Dear Colleagues

Invitation to join the National Procurement Service

Through signing up to the Compact, we confirmed our commitment to the development of a Business case for a National Procurement Service. Please find attached to this letter a copy of the Executive Summary and the Full Business Case plus appendices for your consideration.

The public sector spend one third of its budget on external goods and services – some £4.3 billion per year. It is our duty to spend wisely and secure maximum value for money in its widest sense.

At least 20-30% of what we buy is common across organisations and is bought year on year. We have had some success from looser forms of collaboration. Now is the time to go to the next level. The 2010 review 'Buying Smarter in Tougher Times' clearly recommended that contracts for this spend should be set up on a 'Once for Wales' basis. This is a necessary step change and one that was fully endorsed by the recent McClelland Review.

The National Procurement Service model has delivered significant benefits to other devolved governments within the United Kingdom. It is a proven approach to maximising procurement benefits and is a model used in the majority of global private sector businesses.

We know that our existing procurement capability is stretched. The McClelland Review points to major weaknesses in certain areas. The recent cross party Inquiry into 'Influencing the modernisation of European procurement policy' calls for us to address 'creativity, capability and capacity'. Collaboration need not have a negative impact on our economy. The McClelland Review shows that stronger centralised procurement, with a focus on economic value, results in a greater level of local spend than with uncontrolled maverick buying.

We cannot continue to ignore the need to strengthen our collaboration, to standardise demand for our common spend areas and to invest in creating capability that will get the best out of the market. The Business Case for the creation of an NPS shows that it will deliver better contracts, efficiencies in process, smarter use of scarce skills, and also the potential for local social and economic benefits.

The Proposal

1. That a National Procurement Service be established to carry out common and repetitive spend once for Wales
2. That it has independent cross-sector governance – through an NPS Board attended by Chief Executives
3. That it be set up on a ‘category management’ basis – structured so that lead officers have a good understanding of spend, future demand and the market and develop appropriate and relevant category sourcing strategies
4. That investment of £2.4million per annum be made in the NPS – to secure a savings benefit of £74.8million over 5 years which is £34million over and above current arrangements. For Local Government, projected savings range from £6million to £16million per annum.
5. That in addition to generating savings the NPS is tasked with developing opportunities to deliver social and economic benefits
6. That organisations commit to using the NPS for a 5 year period – and fully using associated contracts other than on an exception basis agreed in advance of tender and through justification to NPS Board. This is on the assumption that the NPS is centrally funded directly through WG budget process until it reaches a point of maturity; estimated in Year 3 (2016/2017) of operation; at which point it is proposed that the funding model switches to a self funding rebate from 2017/2018 onwards
7. That local procurement expertise be retained to deliver local spend categories and to put in place the controls to ensure organisational compliance with agreed national contracts
8. That sector based collaboration continues so as to service spend areas unique to a given sector where collaboration will drive benefit.

Features

- Strategic vehicle for procuring common goods and services for Wales, taking into account the needs of all sectors.
- Central delivery model with own governance structure with appropriate representation from all sectors
- Focus on three key aspects of the procurement process – Developing Common Specifications, Tendering and Contract Management.
- Structured on a category management basis; will seek to leverage the procurement scale; influence demand management and implementing best practice approaches.
- Utilises Welsh Public Sector Procurement policy to support best practice.
- Capability to procure as yet unknown new or innovative solutions in support of public service reform.
- Co-ordinated approach to procurement which seeks to develop the SME community within Wales.
- Provide effective supplier relationship management through a single route.

Benefits

- Cashable savings achieved through reduced total cost of acquisition for the common and repetitive spend goods and services, estimated at £75million over 5 years
- Cost avoidance benefits delivered through the simplified procurement and increased compliance
- Opportunity to be gained by individual stakeholder organisations by redeploying their scarce resources onto higher risk more critical spend areas
- Developing the professionalism and capability of the procurement community in Wales.
- Positive impact on the Welsh economy
- Easier for suppliers to engage and transact with the Welsh public sector.

Attached to this letter is a copy of the Executive Summary of the Business Case and the full version plus appendices. Clicking on the paper clip links at the side of this text will open these attachments.

We now require a formal commitment from each organisation to join the NPS to enable the investment decision to be made. I would be grateful if you could consider the proposal outlined above. While recognising that the delivery plans and staffing structure of the NPS will be subject to development, you are now asked to confirm your commitment to sign up to joining the NPS for a five year period, recognising that this will mean a financial commitment estimated in 2016/2017 in the form of a rebate, and fully committing to using the contracts that are created by the Service (subject to exceptions agreed by the Procurement Board).

You will find a pro-forma attached, which I would be grateful if you could duly sign on behalf of your organisation following your own internal approval process and forward a copy to the Project Team (Rebecca.rees2@wales.gsi.gov.uk) by 14th December 2012. Once again, you will need to click on the paper clip links to open the attachment.

Should you require any further information, please don't hesitate to contact the Project Team at the email address just above.



TRACEY LEE

Managing Director, Newport City Council

Appended below—NPS: Categories in scope / out of scope

Category	Subcategories considered within the scope of a National Procurement Service	Subcategories considered <u>out</u> of the scope of a National Procurement Service initially	Subcategories included in NPS review (£m)
Information Communication Technology	Hardware, Consumables, Software, Telecoms, Network and Support	Repair, Photographic Equipment and Website Design	£291.80
Utilities	Electricity, Gas and Petroleum	Water, Wind, Solar, Coal and Wood	£153.30
Facilities & Management Services	Maintenance Services, Travel, Advertising and Printers	Design, Photography and Market Research	£99.50
Human Resources	Employment agencies and translators	Advisory Services and Training	£74.40
Consultancy	Business and Technical consulting	Highly specialised - e.g. Planning, Food and Geological	£68.60
Vehicle Management	Vehicle acquisition, Lease and Hire	Heavy construction and Industrial	£75.80
Catering	Catering Supplies, Food and Vending	Fresh food, Equipment Maintenance, Linen Services and Caterers	£53.00
Legal Services	Solicitors	Specialist support, Barristers	£35.20
Healthcare	Medical and Mobility Equipment	Drugs, Specialist Medical Supplies and Hospital Equipment	£30.00
Construction Materials	General Materials, Electrical Supplies and Equipment Hire	Specialist Materials - e.g. fencing, bathroom and kitchen	£20.00
Stationery	Paper and General Stationery Supplies	Sundries including Promotional items	£14.20
Furniture & Soft Furnishings	Office Furniture & Equipment	Commercial Furniture and Social Care Supplies	£14.20
Mail Services	Postal Services, Couriers and Mailing Equipment	Freight and Mailroom services	£16.40
Clothing	Uniforms, Workwear, Protective and Safety Equipment	Specialist protective clothing	£10.80
Cleaning & Janitorial	Cleaning Materials and Equipment	N/A	£5.70
Education	Audio-visual Equipment & Supplies	Services and Books	£4.20
TOTALS			£967

National Procurement Service

Business Case - Executive Summary

Version No: v 1.0

Issue Date: 12/09/2012

1 Executive Summary

Introduction

The Efficiency and Innovation Board, chaired by the Minister for Business and Budgets, was set up in early 2010 to provide practical leadership to help the public sector improve public services in the context of reduced budgets. Its aims were to achieve a step change in operational efficiency and innovation and transformation in public service design and delivery. The Programme built on the principles first set out in the Assembly Government's public service policy statement 'Making the Connections' and confirmed in the Beecham 'Review of Local Service Delivery'¹.

A Procurement Board was set up as part of the Programme and commissioned a Procurement Taskforce to carry out the Category and Capability Review and generate priority ideas and concepts for the Board to consider. The report 'Buying Smarter in Tougher Times' outlined the conclusions and recommendations of the Category and Capability Review.

One of four key themes of recommendations that emerged from the issues identified with the report was the potential for the development of a National Procurement Service which would be responsible for ensuring common and repetitive commodities were only procured once for Wales. This was also endorsed by Jane Hutt AM, the then Minister for Business and Budget who said that *"common and repetitive spend needs to be carried out once for Wales. We need to organise our expenditure and develop collective sources of expertise in high spend areas such as construction, social care, and ICT."*

Following the Welsh Government elections in May 2011, the Efficiency and Innovation Board was replaced by the Public Service Leadership Group (PSLG) which was established to provide national leadership for public service reform and collaboration, and to drive the pace of improvement in public services of Wales.

Three national work programmes, each led by a senior public service leader help to drive forward this reform agenda:

- Effective Services for Vulnerable Groups;
- Asset Management and Procurement; and
- Organisational Development and Simpson Implementation.

This project forms part of the Asset Management and Procurement work programme, chaired by Tracey Lee (MD Newport City Council).

The Case for Change

With an objective to transform public procurement in Wales through world class collaboration, there is a need to identify where improvements can be made in the approach to procurement across sectors. "Buying Smarter in Tougher Times" recognised a number of challenges that are currently facing public sector procurement and these support the development of a National Procurement Service. The key conclusions from the report included:-

- There is a need for clear leadership and commitment if change is to be adopted, to address barriers and issues and ensure decisions are made for the greater good of Wales.
- There is a need to organise the Welsh public sector spend, so the public sector go to market effectively and secure value from even stronger collaboration.
- There is a need to invest in the capability to drive commercial value, such as improved contract management and the consistent development of specifications across organisations.
- There is a need to rely on technology to reduce transaction processing costs by automating manual processes, increase commitment and contract usage and use management information to identify

¹ Beecham Review of Local Service Delivery, the Welsh Assembly Government – November 2006

National Procurement Service Project

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further opportunities for price savings and cost reductions.

The key objectives for the development of a National Procurement Service are therefore as follows:-

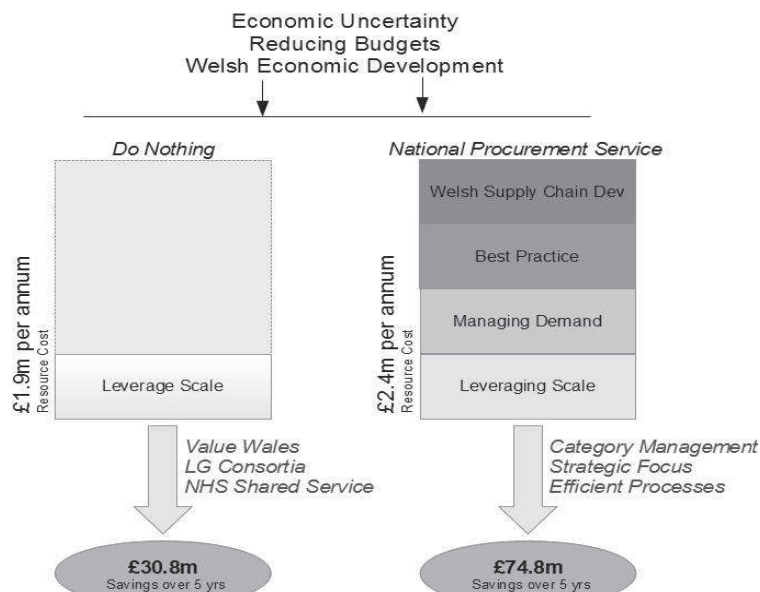
- to deliver a strategic vehicle for procuring common goods and services once for Wales saving resources and maximising potential economies of scale;
- to improve the quality of procurement for the identified categories to ensure maximum value for money;
- to support the national policy agenda through the effective delivery of procurement best practice;
- to ensure the continuous development of public sector procurement skills;
- to support the development of a competitive supply base and have a positive impact on the Welsh economy.

While it is recognised that there has been a significant amount of procurement collaboration across Wales to date, this has traditionally been focused on leveraging the scale of public sector procurement spend and has not fully exploited other potential procurement strategies that relate to demand management i.e. the consideration of what is bought as well as how it is bought. We also do not have a robust vehicle that is has the right resource and governance to effectively procure ‘once for Wales’.

The development of the National Procurement Service is based on the principle that to achieve the investment objectives and address the recommendations within “Buying Smarter in Tougher Times”, a step change is required in the scope of collaborative procurement and how it is undertaken. The strategies employed need to move beyond only leveraging scale to fully exploit the full potential benefit. These wider strategic approaches to managing spend and influencing demand are fully aligned to the fundamental principles of category management. To deliver the benefits using these wider strategies and a category management approach, there must be recognition that a different skill set and approach to procurement needs to be employed which is over and above traditional competencies.

Current collaborative strategies primarily focus on securing savings through leveraging scale by going to the market with a range of needs and on behalf of a group of organisations. To continue with this strategy for the commodities in scope the cost of resources will be £1.9m which will deliver savings of £30.8m over a five year period. If additional investment in capacity and capability is made which facilitates a category management approach to common and repetitive spend categories; focusing on a combination of leveraging scale; demand management; specification standardisation and development of welsh supply chains, then £2.4m per annum resource costs (£500k more) will deliver savings of £74.8m over five years. The diagram below in Figure 1.1 demonstrates the differences between the current “do nothing” environment and the proposed National Procurement Service.

Figure 1.1 – Current Collaborative Procurement versus a National Procurement Service



National Procurement Service Project

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National Procurement Service Category Scope

The scope of the National Procurement Service is a defined set of common categories of goods and services that are procured across the Welsh public sector. 'Common and Repetitive' spend categories have been defined as those goods and services purchased by multiple sectors each year. These are not necessarily high value or complex – and by their very nature are often transactional; other categories that fall outside of these areas will always need to be managed using local and regional sourcing strategies which are outside of the scope of the National Procurement Service. They represent 23% of total Public Sector Spend.

Figure 1.2 – NPS Category Scope

Category	Subcategories considered within the scope of a National Procurement Service	Factors already considered when defining spend in scope	Subcategories included in NPS review (£m)	Accessible spend (%)	Accessible spend in NPS (£m)
Information Communication Technology	Hardware, Consumables, Software, Telecoms, Network and Support	Local nature of some support services; Relevance of infrastructure-based ICT	£288.0	58%	£165.8
Utilities	Electricity, Gas and Petroleum	Different buying behaviour in each Sector	£154.7	35%	£54.6
Facilities & Management Services	Maintenance Services, Travel, Advertising and Printers	Local nature of some services; Outsourcing	£100.1	47%	£47.3
Human Resources	Employment agencies and translators	Existence of Vendor Neutral and Managed Service contracts	£74.6	86%	£64.4
Consultancy	Business and Technical consulting	Local nature of some services; Outsourcing	£68.9	57%	£39.3
Vehicle Management	Vehicle acquisition, Lease and Hire	Managed Service Contracts	£76.1	54%	£41.4
Catering	Catering Supplies, Food and Vending	Impact on local Suppliers and quality of food; Local nature of some services	£53.2	46%	£24.6
Legal Services	Solicitors	Local nature of some services; Partnerships	£35.3	62%	£21.8
Healthcare	Medical and Mobility Equipment	Only applies to community equipment	£30.0	52%	£15.7
Construction Materials	General Materials, Electrical Supplies and Equipment Hire	Existence of frameworks in dominant spend area (LG); Specialist supplies	£20.1	48%	£9.6
Stationery	Paper and General Stationery Supplies	Some specialist Suppliers	£15.0	56%	£8.4
Furniture & Soft Furnishings	Office Furniture & Equipment	Some specialist Suppliers in Health and Education sectors	£14.2	60%	£8.6
Mail Services	Postal Services, Couriers and Mailing Equipment	Significant proportion of spend results from how organisations manage mail	£15.8	60%	£9.4
Clothing	Uniforms, Workwear, Protective and Safety Equipment	Some specialist Suppliers (e.g. Police)	£10.9	58%	£6.3
Cleaning & Janitorial	Cleaning Materials and Equipment	Some specialist products (e.g. Health)	£5.7	55%	£3.1
Education	Audio-visual Equipment & Supplies	TBC	£4.3	50%	£2.1
TOTALS			£967	54%	£522

'Common and Repetitive' spend categories include commodities such as stationery, office furniture, travel, IT hardware and software, postal services and cleaning materials etc and were agreed at Procurement Board on 9th December 2011. They do not include products or services such as: social care; construction; waste management or specialist clinical goods and services.

Category Management

It is recommended that the NPS is based on a category management approach where goods and services are organised into distinct groupings based on their related supply markets. Procurement professionals are then allocated to the defined categories and the staff are therefore focused on a particular supply market and become experts in that category area. CIPS (Chartered Institute of Purchasing & Supply) define category management as "the entire science of the procurement subject applied to a single genre of expenditure".

The category management approach needs to incorporate developing a thorough understanding of spend and future demand, and the market, and developing relevant category sourcing strategies based on the understanding, implementing the strategies and then ensuring effective supplier performance management.

National Procurement Service Project

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National Procurement Service Operating Principles

There are a number of critical operating principles that the operating model will need to be built upon to ensure that the delivery of the National Procurement Service can be effectively achieved. These operating principles have been reviewed by the Procurement Board, the NPS Project Team and Task & Finish Group to ensure stakeholder input.

- The NPS will be a strategic vehicle for procuring common goods and services for Wales, taking into account the needs of all sectors;
- The NPS will focus on three key aspects of the procurement process – Developing Common Specifications, Tendering and Contract Management;
- The NPS will be structured on a category management basis;
- The NPS will seek to leverage the procurement scale of the Welsh public sector, but also focus on influencing demand management and implementing best practice approaches;
- The NPS will seek to develop strategies that will have a positive impact on the Welsh economy;
- The NPS will utilise Welsh Public Sector Procurement policy to support best practice implementation (Ministers policy priorities will be adopted by the NPS), seek to adopt one standard procurement process and utilise technology to support processes and systems;
- Commitment to the NPS will be for an agreed period (3-5 years being considered) with a notice period;
- During this period the NPS will require stakeholders to fully commit to using the contracts that are created by the Service, this would need to be supported by Chief Executives and mandated to their Heads of Service and Service Leads. Any opt out provision would be in advance of tender processes commencing.

The Procurement Board reiterated on 9th May 2012 that stakeholders should recognise that commitment to the NPS would be for an agreed period and once the commitment was made that stakeholders must remain part of the Service. It was recognised that some contracts may not be appropriate but this should be by exception and members must use as much of the Service as possible to support its success and not dilute the benefits for other members through picking and choosing contracts.

Development of Options

A series of workshops were held to develop the long list of options for the National Procurement Service. Workshop attendees were asked to consider the range of options between the two extremes of doing nothing through to outsourcing the required service to a private sector service provider.

The options identified were as follows:-

- Option 1 - Do Nothing
- Option 2 – Utilise Existing Structures & Consortia
- Option 3 – Utilise Existing Structures & Consortia with Additional Central Resources
- Option 4 – Revise Existing Structures & Consortia for Regional Delivery
- Option 5 – Hosted Operation
- Option 6 – Welsh Government Service (building on the work of Value Wales)
- Option 7 – Standalone Public Sector Organisation (Joint Venture)
- Option 8 – Outsource to Third Party

The Short List

The recommended shortlist of options included in the options analysis stage are as follows:-

- Build on Existing Consortia & Structures – this includes two delivery options:
 - Networked Delivery Model - achieved via a virtual model utilising existing structures &

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network of consortia, a National Contract Plan agreed by NPS Board & delivered by existing consortia who take responsibility for delivery of an agreed set of contracts and procure on behalf of all sectors.

- Central Delivery Model² - Value Wales would take responsibility for the delivery of the NPS and would oversee the day to day management of the NPS. Staff would be employed by Value Wales to deliver the agreed plan and the NPS would be separate to Value Wales internal procurement.
- Hosted Operation⁴ – by a nominated public sector organisation - a host public sector organisation would take responsibility for the delivery of the NPS and oversee the day to day management of the NPS. Staff would be employed by the public sector organisation to deliver the agreed plan and would be separate to the public sector organisation's internal procurement.
- Standalone Organisation - Public Sector Joint Venture - Sectors collaborate to form a new joint venture (JV) organisation. The JV would be a new legal entity and create contracts on behalf of members. Staff would be employed by JV and undertake all aspects of service delivery.

It should be noted that the Do Nothing option (Option 1) forms part of short list options process and will be used as the baseline to compare the potential benefits of the other options in comparison to the current as is structure and associated costs. It was identified by the Procurement Board that Do Nothing would only be a viable option if there were no benefits identified through the other options.

Preferred Option for National Procurement Service

The Procurement Board recommend a Central Delivery model to deliver the National Procurement Service. The delivery model is based on the premise that the NPS will have independence from the chosen host organisation's own operation as the Service will have its own discreet governance structure with appropriate representation from all sectors. The NPS will be responsible to the NPS Board and will operate as an independent entity governed through its own leadership and operational structure, with the host organisation providing the required facilities, employment and professional mentoring for the NPS.

At Procurement Board there was full consensus that this option would be the best way to deliver the envisaged benefits and would be the option most likely to meet the PSLG ambition for greater benefits. It is expected that the NPS would be fully adopted by Local Authorities and the NHS with other sectors making maximum appropriate use of its services. The consensus of the Economic Impact Assessment Group was that while there are some risks in the collaborative procurement actions of the proposed NPS, these are outweighed by the opportunities both within and outside the scope of the NPS. Both risks and opportunities can be effectively managed if current SME friendly policies and Welsh Government best practice procurement policy, provided through Value Wales guidance, is applied.

The Board also recommend that some initial work should be put in train to support the preferred operating model, facilitating the early delivery of the identified benefits and thereby strengthening the evidence. This work would improve timely implementation of the preferred model.

Benefits

The benefits of the National Procurement Service will fall into a number of categories from tangible cash releasing savings from the implementation and use of national contracts through to more qualitative benefits gained from developing more innovative contracts across sectors.

The approach to determining the potential benefits from a National Procurement Service has included:

- Drawing upon the expertise of a Procurement Leaders Task Force (PLTF) to develop an approach and model for identifying savings. The model developed uses a number of factors to ensure that

² It is recognised that if the Hosted option were to be delivered by Value Wales then this would be the same as the Central Delivery Model within Building on Existing Consortia & Structures.

⁴ It is recognised that if the Hosted option were to be delivered by Value Wales then this would be the same as the Central Delivery Model within Building on Existing Consortia & Structures.

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savings identified have a **clear rationale**, are **incremental, achievable** and consider **Sector-specific** constraints. By using a series of factors that influence the resulting savings, a clear understanding of the rationale behind the saving is obtained.

- Undertaking a series of cross sector workshops; facilitated by Ray Legge (Spike Cavell) , with procurement professionals and service leads to populate the model to determine achievable savings

It is important to note that identified savings will only be realised through the combined commitment of individual organisations and their ability to ensure effective and consistent compliance to the contracts that are created through the National Service. This commitment will require leadership from senior stakeholders across the Welsh public sector to ensure effective buy-in to the National Service.

A summary of the potential benefits are as follows:-

- **Cashable savings** will be achieved through a reduced total cost of acquisition for the common and repetitive spend goods and services. This will be achieved through leveraging the scale and combined buying power of the Welsh public sector and standardising specifications across users. Based on implementing the procurement strategies identified, the potential for incremental annual savings ranges between **£9.2m** and **£24.6m** across the Welsh public sector or **£74.8m over 5 years** with a NPV of 3.5% applied.
- **Cost avoidance** benefits will also be delivered through the simplified procurement arrangements for common and repetitive spend items and the increased compliance through the use of national contracts.
- There are potential savings in relation to **resource efficiencies**, and there could be potential opportunity to be gained by individual stakeholder organisations by redeploying their scarce resources onto other critical spend areas. However, this is a decision that must be made at local level and any savings achieved from this will be recognised locally. Whilst the resource cost of establishing a NPS is £2.4m; there is an existing resource cost of sourcing Common and Repetitive spend categories of £1.9m. Whilst there is a net difference of £0.5m between the current “do nothing” environment and the proposed NPS, it would be a local decision on how the current £1.9m resource is used. It is not within the gift of the business case to ‘bank’ the £1.9m but this would need to be considered at a local level when considering the investment decision. In his recent review, ‘ Maximising the effect of Welsh procurement policy’, John McClelland makes it clear that there is an overall deficit in procurement capacity both at a local and collaborative level.
- There will also be further **qualitative benefits**, which include:-
 - driving innovative and intelligent procurement activity for the benefit of end users and ultimately the citizens of Wales;
 - the positive impact that co-ordinated and common procurement could have on the Welsh economy and the development of the SME community within Wales;
 - the ability to provide effective supplier relationship management through a single route. This would include supplier development and influencing the market structure to leverage further opportunities for the users of a National Procurement Service;
 - supporting and further developing the professionalism and capability of the procurement community in Wales. This includes leveraging and sharing the existing knowledge and expertise across sectors.
 - Having a ready strategic vehicle to act on behalf of the Welsh public sector to procure as yet unknown new or innovative solutions in support of public service reform.

Financial case

In developing the cost/benefit model, both low and high savings projections were considered (£9.2m low savings; £24.6m high savings). Assuming high resource costs, the NPS is projected to return a positive cumulative NPV in Year 1 (high savings) and Year 2 (low savings).

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Financial Strategy:

- The NPS is centrally funded directly through WG budget process until it reaches a point of maturity; estimated in Year 3 of operation; at which point it is proposed that the funding switches to a self funding rebate model (as per the Scottish model and GPS).

Figure 1.3 – NPS Cost Benefit Analysis

Average Savings/High Resources	Y0	Y1	Y2	Y3	Y4	Y5
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
	£000s	£000s	£000s	£000s	£000s	£000s
Total Cost of Hosted Option	1,682	2,368	2,368	2,368	2,368	2,368
Cash Savings	0	2,987	13,177	16,902	16,902	16,902
Deficit/Surplus	-1,682	619	10,809	14,534	14,534	14,534
NPV (3.5%)	-1,682	598	10,091	13,108	12,665	12,238
Cumulative NPV	-1,682	-1,084	9,006	22,115	34,780	47,017

The Procurement Board recognised that whilst the cost of establishing a NPS was £2.4m; that there is an existing resource cost of sourcing Common and Repetitive spend categories of £1.9m. Whilst there is a net difference of £0.5m between the current “do nothing” environment and the proposed NPS, it would be a local decision on where the £1.9m is invested. It was agreed that it was not within the gift of the business case to ‘bank’ the £1.9m but that this would need to be considered at a local level when considering the investment decision.

Expressions of Interest to Host the NPS

Whilst the preferred operating model for the NPS is that of Central Delivery, the ‘host’ organisation has not been confirmed at this point. It was agreed at Procurement Board on 22nd May 2012, that an Expression of Interest (EOI) process to identify the host organisation, run in parallel with the consultation exercise on the Business Case.

Interested organisations will have six weeks to compile their response which will be reviewed by an **independent** evaluation panel, chaired by the SRO, Tracey Lee. Panel members forming the recommendation to Procurement Board consist of procurement professional across the wider public sector and include: Claire Russell (NQC Consulting); Alastair Merrill/Paul McNulty (Procurement Scotland), Des Armstrong (Procurement Ireland) and a representative from Welsh Government; Local Government and NHS to be confirmed.

This panel will also include ‘observers’ who will be nominated from the largest sectors (by spend) to ensure that the decision making process is a fair, transparent and rigorous process. Steve Thomas (WLGA) will represent Local Government; (TBC) will represent NHS and Martin Sollis will represent Welsh Government.

Review of the submissions will be supported by a presentation by the respondees before a decision is made by the end of December 2012. The outcome of the process will be communicated after consultation has closed on the Business Case.

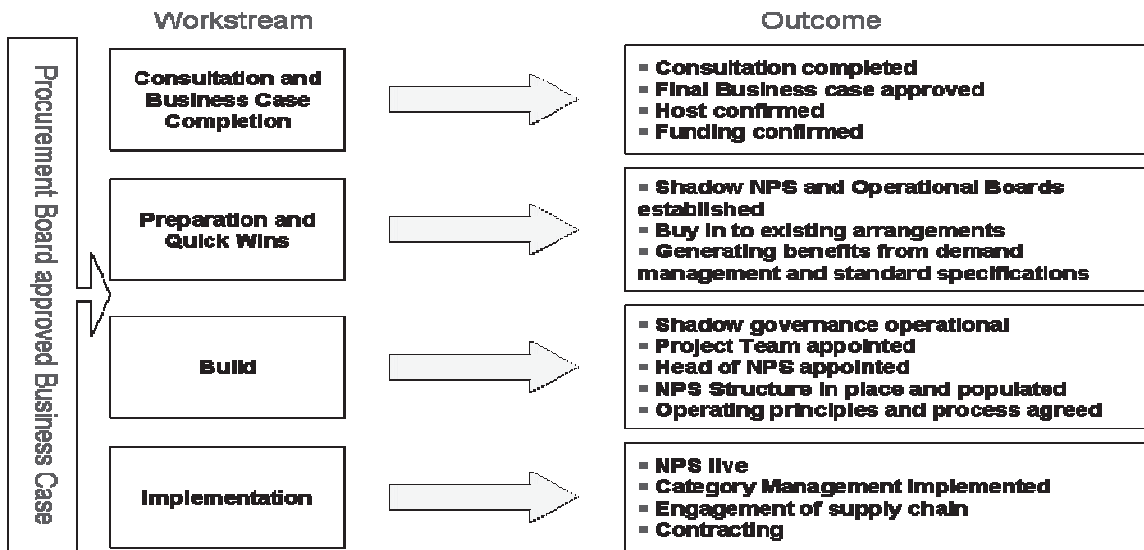
Management Arrangements

The ongoing stages of the project and their related milestones are indicated below:

National Procurement Service Project

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Figure 1.4 – Proposed workstreams and outputs

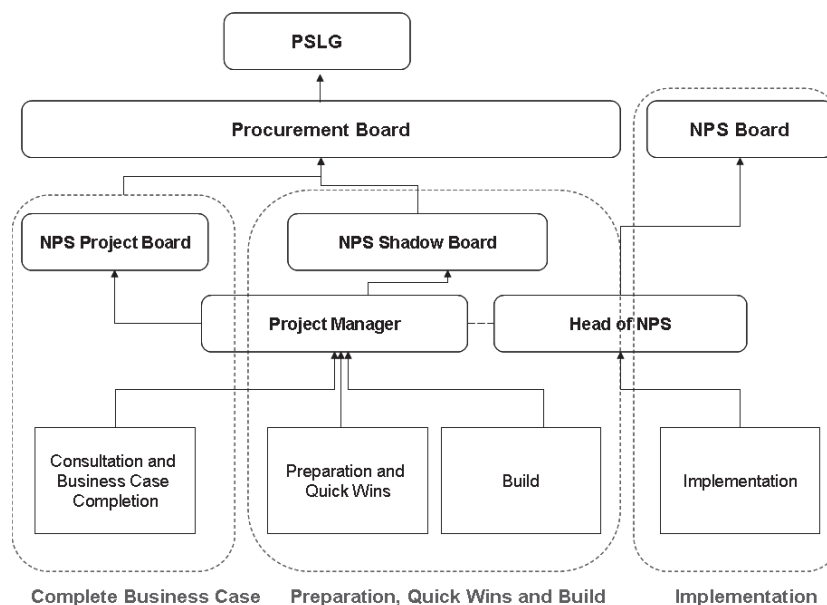


Stage	Timescales
Consultation and Complete Business Case	October 2012 – March 2013
Preparation and Quick Wins	July 2012 – onwards
Build	April 2013 – October 2013
Implementation/Go Live	November 2013

Project Delivery

The ongoing governance model is dynamic in nature as each stage of the project will require a slightly different governance model. In summary, the existing governance arrangements for the Project will continue until the point at which the Service is ready to 'go live' at Implementation stage; whereupon the National Procurement Service Board will be established to exercise governance over the operations of the National Procurement Service (regardless of operational approach).

Figure 1.5 – Project Governance Model



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Procurement Board Recommendation

- a) Organisations sign up to **using the NPS for a period of 5 years**. This is on the assumption that the NPS is centrally funded directly by WG until it reaches a point of maturity; estimated in Year 3 (2016/2017) of operation; at which point it is proposed that the funding switches to a self funding rebate from 2017/2018 onwards;
- b) In signing up to using the NPS; organisations embrace an **agreed management information approach**; where transparency and a robust category management culture drive optimum benefits across the scope of the service;
- c) During this period organisations will **fully commit to using the contracts that are created by the Service**. Any opt out provision would be by exception and justified to the NPS Board in advance of the tender processes commencing as to ensure its success and not dilute the benefits for other members through picking and choosing contracts. The NPS will reserve the right to exclude an organisation who makes excessive use of this exception clause;
- d) Whilst the Business Case will be revised to reflect the outputs of the consultation process; it will not be reissued for approval on the basis that the service is able to generate benefits in excess of its costs.

Report To: CABINET

Date of Meeting: 18th December 2012

Lead Cabinet Member: Councillor Julian Thompson-Hill

Lead Officer: Paul McGrady, Head of Finance & Assets

Title: Finance Report

1 What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2012/13 as at the end of November 2012. 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?

To update members on the current financial position of the Council

3 What are the Recommendations?

Members note the budgets and savings targets for the year and progress against the agreed budget strategy.

4 Report details

The latest revenue budget forecast is presented as **Appendix 1** and shows an under spend across service and corporate budgets of £344k. The position for schools forecasts positive net movement on balances of £121k.

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 main revenue budget.

Appendix 2 to this report gives an update showing progress against the savings and pressures agreed as part of the 2012/13 budget setting process. In total, net savings of £3.443m were agreed and £2.673m (79%) have been achieved with £702k (21%) classed as in progress and £25k (1%) has been deferred to next year. The deferral relates to savings due to printer rationalisation. One item within Children's Services (Reshaping the Supervised Contact Service - £43k) will now be delivered next year. The saving has been funded from staffing budgets this year arising from vacancies and headroom in some cases between the budgeted and actual salary where staff have not reached the top of the relevant grade. Although some items are still classed as 'in progress' none of the savings listed are thought to be

unachievable. In most cases, a full year's activity is needed to properly assess whether the saving measure listed has been achieved.

The corporate saving target around the conversion of some essential car users to casual user status has been confirmed. Some 211 people have been converted to casual users. The impact of this saves £215k this year with a further £5k as the full year effect next year (some were changed part way through the year). Budgets are being adjusted to remove the essential user provision from services. The additional mileage cost payable between essential and casual mileage rates (approximately 12p per mile) is not being provided for in departmental budgets. Service travelling costs generally have reduced, partly as the home to work disregard was changed last year. In most cases, this reduces the number of claimable miles, depending where the person lives and works. Also, all services should be aiming to reduce travelling costs to improve efficiency.

In response to a question raised at the last cabinet meeting, an additional appendix is enclosed which shows the level of savings achieved by department over the course of the Medium Term Financial Plan as a percentage of the baseline budget set in 2010/11. The figures are shown as Appendix 3 and have been adjusted to account for service reorganisations within the council. Where service responsibilities have changed, the original budget and subsequent savings have been adjusted to ensure the figures are comparable.

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. Detailed below are areas that require further explanation.

Service Budgets

The Business Planning & Performance service is shown as balanced but includes a pressure of £39k which is within the Records Management budget and covers the cost of a member of staff seconded from Customer Services to a newly created temporary post. There are funding options this year within the BPP budget but it may cause a budget pressure next financial year.

Highways & Infrastructure – The service is reporting an under spend of £40k. This is mainly as a result of energy savings on street lighting and some additional income on Trunk Road Agency fees

Adult Services The latest forecasts indicate an overall budget pressure of £209k which will be funded from the Supporting People Reserve. Within the service, there are budget pressures on Learning Disability and Older People budgets which are being funded from centrally held budgets within the department. A detailed budget realignment exercise is continuing.

Children & Family Services - The service is currently reporting a balanced budget. Based on expenditure profiles to date, it is possible that an under spend of approximately £150k could be achieved. However, the service has a number of potential commitments including a tribunal and joint funding cases in dispute with the NHS. The outcome of these and other commitments should be clearer next month.

Housing & Community Development (Including Regeneration) – The **non-HRA Housing** budget is forecast to be on target. Within the **Regeneration** budget, there is a £44k pressure this year on the Rhyl Going Forward project.

Communication, Marketing & Leisure - The service is forecast to achieve its budget however the full impact of leisure centre income lost as a consequence of the floods is still being assessed.

Environmental Services is projected to under spend by £111k in 2012/13 mainly as a result of additional income being realised from the sale of recycle materials. Additional savings of over £600k were identified for future years at the recent Service Challenge.

Modernising Education & Customer Care budgets are currently projecting a small under spend of £23k. These are in year surpluses due to a staffing restructure which is currently being implemented.

School Improvement & Inclusion is forecasting an under spend of £84k. The primary reasons are not recruiting immediately to vacant posts and making more effective use of grant funding. Some posts are being held back until the impact of the regional school improvement service has been assessed. Savings this year may be needed to provide transitional protection for schools as a result of changes to the funding formula.

Schools - as at the end of October the projection for school balances is £1.941m. This is a positive movement of £121k on the balances of £1.801m brought forward from 2011/12. The council is currently working with two schools that are in financial difficulty with deficit balances totalling £456k. These schools have recovery plans in place and are actively working to the targets set out in these plans.

A review of the Council Tax yield suggests that the collection rate is higher than the amount budgeted for. The flooding will have an impact on this as some households will qualify for relief. It is assumed that any benefit from the council tax yield will be used to contribute to the funding of the council's strategic investment priorities as part of the Corporate Plan.

Capital Plan

Expenditure to the end of November is £15.3m against an agreed Plan of £33.1m. **Appendix 4** shows a summary of the current plan and how it is financed. An overview of major capital projects is shown as **Appendix 5**.

Housing Revenue Account (HRA)

The latest HRA forecast remains unchanged and shows an in-year deficit of £63k. This compares to a budgeted in-year surplus of £71k. The budget and outturn however include a provision to fund capital expenditure from revenue. The latest assumption is that £431k will be used to fund capital expenditure. The Business Plan remains viable and based on the latest forecast, the HRA balance carried forward will be £808k, compared to a budgeted projection of £942k.

The Housing Capital Plan is forecast to spend £7.4m in 2012/13 which is part-funded by prudential borrowing (£4.6m). Welsh Housing Quality Standard is expected to be achieved during 2013.

The draft Subsidy Determinations should be received from Welsh Government before Christmas. These will determine key elements of the HRA budget for 2013/14. This assumes the national subsidy system continues into 2013/14. This seems likely even though proposed changes to council housing finance in Wales were planned to be introduced for 2013/14. However, as no proposals have been issued for consideration by councils it can only be assumed the changes won't be introduced until at least 2014/15.

A summary of the latest HRA position is shown in the table below.

Housing Revenue Account & Capital Plan Summary:

Housing Revenue Account Summary 2012/13	
November 2012	
Expenditure	£'000
Housing Management & Maintenance	5,799
Capital Charges	2,662
Subsidy	3,081
Provision for Bad Debts	29
Revenue Funding Capital Expenditure	431
Total Expenditure	12,002
Income	
Rents	11,777

Garages	157
Interest	5
Total Income	11,939
In Year Surplus /(Deficit)	(63)
HRA Balance Carried Forward	794

Housing Capital Plan	
November 2012	
	£,000
Planned Expenditure	7,445
Funded By:	
Major Repairs Allowance	2,400
Revenue Contribution	431
Capital Receipts	17
Prudential Borrowing	4,597
Total	7,445

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 Strategic Investment 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

Services are expected to deliver the savings agreed through the Service Challenges and budget setting processes and at this stage seem to be on target to achieve them. It is important that services continue to manage budgets prudently and that any in-year surpluses are considered in the context of the medium-term financial position.

Economic Commentary & Treasury Management Update

The financial markets remain extremely volatile and this continues to limit the number of institutions with which the council can invest and the length of investments the council can make. Both of these issues limit the returns the council can achieve. As the uncertainty in the markets continues, the council's policy limits most new investments to overnight deposits. This strategy of making very short term investments is likely to continue for the medium term.

At the end of November, total borrowing was £134.08m at an average rate of 5.76% and total investments were £22.8m at an average rate of 0.72%.

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.

DENBIGHSHIRE COUNTY COUNCIL REVENUE BUDGET MONITORING REPORT 2012/13

Forecast as at 30/11/2012	Budget		Projected Outturn		Variance		Net	Variance Previous Report £'000
	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000	Expenditure £'000	Income £'000		
Business Planning & Performance	1,574	-228	1,685	-339	1,346	111	0	0.00%
Legal & Democratic Services	2,065	-553	2,122	-610	1,512	57	0	0.00%
Finance & Assets	14,108	-7,043	14,905	-7,841	7,064	797	-1	-0.01%
Highways & Infrastructure	19,844	-9,358	19,778	-9,332	10,446	-66	-40	-0.38%
Planning & Regulatory Services	4,345	-1,700	4,431	-1,786	2,645	86	0	0.00%
Adult & Business Services	44,410	-12,453	44,731	-12,774	31,957	321	0	0.00%
Children & Family Services	9,826	-1,029	10,144	-1,347	8,797	318	0	0.00%
Housing & Community Development	3,883	-1,789	4,035	-1,897	2,138	152	44	2.10%
Communication, Marketing & Leisure	10,603	-5,376	11,156	-5,929	5,227	553	0	0.00%
Strategic HR	1,284	-375	1,637	-732	905	353	-4	-0.44%
Customer Services	2,746	-760	2,689	-703	1,986	57	0	0.00%
Environmental Services	18,314	-7,891	18,237	-7,925	10,312	-77	-111	-1.06%
Modernising Education	2,528	-506	2,505	-506	1,999	-23	-23	-1.14%
School Improvement & Inclusion	11,821	-7,373	11,737	-7,373	4,364	-84	-84	-1.89%
Total Services	147,351	-56,434	149,792	-59,094	90,698	2,441	-2,660	-0.24%
Corporate	42,576	-36,670	42,576	-36,670	5,906	0	0	0.00%
Transfer to Reserves	1,700	0	1,700	0	1,700	0	0	0.00%
Precepts & Levies	4,569	0	4,569	0	4,569	0	0	0.00%
Capital Financing	12,656	0	12,531	0	12,531	-125	-125	-0.99%
Total Corporate	61,501	-36,670	61,376	-36,670	24,706	-125	0	-0.50%
Council Services & Corporate Budget	208,852	-93,104	211,168	-95,764	115,404	2,316	-2,660	-0.30%
Schools	69,320	-7,679	69,199	-7,679	61,520	-121	0	-0.20%
Total Council Budget	278,172	-100,783	280,367	-103,443	176,924	2,195	-2,660	-0.26%
Housing Revenue Account	11,841	-11,912	12,001	-11,938	63	160	-26	148

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Appendix 2 Medium Term Financial Plan Update 2012/13

Update to 30/11/2012

<u>Ref</u>	<u>Action</u>	<u>Status</u>	<u>Saving £'000</u>	<u>Total £'000</u>
General				
A3	Convert Essential Car Users to Casual	Achieved	200	
A7	Costs of Democracy	Achieved	20	
				220
Support Services Review				
C1	HR Review - Ongoing Impact of Centralisation	Achieved	45	
C3	Legal services - phase 1	Achieved	70	
C4	Democratic support	Achieved	28	
C5	ICT/IM Structure	In progress	60	
C6	ICT/IM Procurement	Deferred	25	
C7	Finance & Assets	Achieved	300	
				528
Service Challenges				
Leisure, Libraries & Community Development				
Da1	Leisure Services-New Booking System	Achieved	30	
Da2	Back office co-located with Youth	Achieved	30	
Da3	Transfer Town Halls to Town Councils	Achieved	80	
Da5	Remove subsidy by increasing income	In progress	120	
				260
Environmental Services				
Db2	Renegotiate recycle and disposal contracts	Achieved	510	
Db3	Service Redesign (Refuse)	Achieved	200	
Db4	Regional Waste Procurement budget	Achieved	134	
Db7	Other Reorg Savings	Achieved	20	
Db9	Fleet Efficiency	In progress	138	
Db12	Public Conveniences	Achieved	10	
Db14	WAG Waste Target Pressures	Achieved	-366	
Db15	Free School Meals Cost Pressures	Achieved	-20	
Db16	Countryside staff reduction	Achieved	50	
Db17	Tourism Service Redesign	In progress	49	
Db18	Regeneration Service Redesign	Achieved	46	
				771
Planning and Public Protection				
Dc1	Review of Regeneration	In progress	10	
EC21	Review Pest Control	Achieved	20	
EC23	Review Building Control	In progress	20	
EC24	Review of Planning Policy Service	In progress	20	
EC25	Review of CCTV service	In progress	30	
EC27	Review of Trading Standards	Achieved	50	
EC28	Licensing	Achieved	20	
				170
Highways & Infrastructure				
EC12	Passenger Transport	Achieved	35	
EC13	Parking	Achieved	70	
EC15	Development Control	In Progress	18	
	NWTRA Fees	Achieved	100	
EC16	Winter Maintenance	In Progress	65	
				288
Adult Social Services				
Df1	Cefndy Healthcare,	Achieved	43	
Df2	Closer working of Fin assessments & Benefits	Achieved	30	
Other Adult Services				
Df4	Service Restructure	Achieved	130	
Older People				
Df5	Externalise elements of Home Care	Achieved	15	
Df6	Day care - review and rationalise	Achieved	30	
Df7	Review Meals on Wheels	In Progress	64	
Df8	Impact of investment in reablement	Achieved	75	
Df9	Residential Care - Impact of Extra Care	Achieved	100	
Mental Health				
Df11	Management Changes	Achieved	19	
Df12	Partnership Efficiency Savings	Achieved	26	

		<u>Status</u>	<u>Saving £,000</u>	<u>Total £'000</u>
Adult Social Services (con'd)				
Physical Disability & Impairment				
Df13	ISIL Scheme	In Progress	18	
Df14	Reablement Intervention	Achieved	26	
Df15	Telecare	Achieved	20	
Other Adult Services				
Df16	Administration Rationalisation	Achieved	67	
Df17	Systems Thinking and Vacancy Control	In Progress	40	
Business Support & Development				
Df18	PMDF Grant - Loss of funded posts	Achieved	152	
Df19	Workforce Development Review	Achieved	20	
				875
School Improvement & Inclusion				
Dh1	Service Restructure	Achieved	100	100
Children & Family Services				
Staffing				
Dj3	Other Staff Savings	Achieved	21	
Refocus on Core Business				
Dj5	Re-shaping Supervised Contact Service	Replaced	43	
Dj8	Reduction in Independent (external) Placement Provision	Achieved	48	
Decommissioning Services				
Dj11	Voluntary Organisation Grants	Achieved	37	
	Child Trust Funds	Achieved	2	
Dj12	Parenting Programme	Achieved	82	
Dj14	Rhyl Adventure Playground	Achieved	61	
Pressures				
Dj18	In-house Fostering	Achieved	-224	
Dj20	Legislative	Achieved	-28	
				42
Housing				
	Various Small savings	Achieved	7	7
REGIONAL WORKING/COLLABORATION				
ENW1	Education Regional Board	Achieved	25	
ENW2	Social Care Regional Board	Achieved	25	
				50
OUTSOURCING				
G2	Bodelwyddan Castle	Achieved	18	
G4	ECTARC	Achieved	10	
				28
Other Cultural/Heritage activities				
H1	Pavilion Theatre	In Progress	50	
H2	Ruthin Craft Centre	Achieved	20	
H3	Llangollen Pavilion	Achieved	25	
H4	Heritage facilities	Achieved	9	
				104
Total Savings 2012/13				3,443
Summary:			£'000	%
Savings Achieved/Replaced or Pressures Confirmed			2,673	79
Savings In Progress/Being Reviewed			702	21
Savings Not Achieved/Deferred			25	1
Total			3,400	

APPENDIX 3

MEDIUM TERM FINANCIAL PLAN 2011/12 TO 2014/15

DEPARTMENTAL BUDGET SAVINGS AS A % OF THE 2010/11 NET BUDGETS

DEPARTMENT	2010/11 Net Budget	Total Net Savings	% Savings to Net Budget
	£	£	
COMMUNICATION, MARKETING & LEISURE	5,547,360	1,171,000	21.11%
MODERNISING EDUCATION	2,452,357	0	0.00%
SCHOOL IMPROVEMENT & INCLUSION	4,585,796	386,000	8.42%
BUSINESS PLANNING & PERFORMANCE	1,070,681	0	0.00%
LEGAL & DEMOCRATIC SERVICES	1,725,892	192,000	11.12%
BUSINESS & ICT	2,095,425	205,000	9.78%
FINANCE & ASSETS	6,606,807	770,000	11.65%
STRATEGIC HUMAN RESOURCES	1,534,956	200,000	13.03%
ENVIRONMENTAL SERVICES	11,731,805	1,313,000	11.19%
HIGHWAYS AND INFRASTRUCTURE	10,824,024	738,000	6.82%
PLANNING & PUBLIC PROTECTION	2,908,829	535,000	18.39%
ADULT AND BUSINESS SERVICES	22,880,285	2,269,000 **	9.92%
HOUSING & COMMUNITY DEVELOPMENT	1,769,543	220,000	12.43%
CHILDRENS SERVICES	8,612,489	1,006,000 **	11.68%

Notes

**** These will change as the budgets are ringfenced and protected for 13/14**

These also exclude proposals to invest priority funding into some of the services

Services have also been reorganised over the period

The savings exclude any corporate savings e.g. travel, procurement etc.

The savings include any known additional Departmental savings put forward in the latest Service Challenge round in relation to Environmental Services and Planning & Public Protection

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Denbighshire County Council - Capital Plan 2012/13 - 2015/16

APPENDIX 4

Position to 30 November 2012

		2012/13	2013/14	2014/15	2015/16
		£000s	£000s	£000s	£000s
Capital Funding:					
1	General Funding:				
	Unhypothecated Supported Borrowing	6,992	4,505	2,947	2,864
	General Capital Grant	3,251	1,841	1,841	1,841
	General Capital Receipts	728			
	Earmarked Capital Receipts	98	77	0	0
		11,069	6,423	4,788	4,705
2	Prudential Borrowing	7,851	4,226	1,207	265
3	Reserves and Cera	2,458	947	0	0
4	Specific Grants and Contributions	13,199	4,298	745	0
	Total Finance	34,577	15,894	6,740	4,970
	Total Estimated Payments	-33,175	-11,028	-2,025	-399
	Contingency	-1,402	-1,000	-1,000	-1,000
	Earmarked Contingency				
	Unallocated Reserve	0	0	0	0
	Funding available	0	3,866	3,715	3,571

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Rhyl Harbour Development

Budget	£10.552m (inc Revenue £413k)
Funding	WG, WEFO,DCC and Sustrans grants
Expenditure to Date	£4.620m
<i>Comments</i>	<p>Rhyl Harbour Cycle & Pedestrian Bridge The mechanical and electrical design is progressing and due to be completed by the end of December.</p> <p>Work continues on the discharge of the remaining planning conditions.</p> <p>Quayside Units, Public Square & Extended Quay Wall The Planning conditions are being satisfactorily progressed.</p> <p>The specification and a revised drawing for the building are being prepared. The tenders should go out early in the new year.</p> <p>Costs The projected expenditure includes the use of some of the capital contingency allocated to the project in 2011-12.</p> <p>The Council has received a verbal approval of its application for a funding contribution of £155k to the project from RWE. Formal confirmation of this offer is awaited.</p> <p>Programme The bridge is currently eight weeks behind programme, and is now scheduled to complete late June 2013.</p> <p>The enabling works contract is on programme and is to be extended to include the finishing works necessary to make the extended quay wall functional to support the bridge operation.</p> <p>The finishes to the square and the building are still scheduled to complete in December 2013.</p> <p>Publicity & Marketing A web page has now been set up for the project, and can be found at www.denbighshire.gov.uk/rhylharbourproject.</p> <p>Ysgol Llewelyn enjoyed a successful site visit recently. Other schools and colleges will be offered site visits in the future.</p> <p>A recent site visit for members was well received and a further visit to review progress will take place in the new year.</p>
Forecast Expenditure 12/13	£5.844m

Highways Programme Works

Budget	£3.650m
Funding	Prudential Borrowing
Expenditure to Date	£1.450m
Comments	An allocation of £3.650m was made to progress highways capital works as part of the 2012/13 Capital Bid process. Progress on all works is progressing satisfactorily, and it is envisaged that the full allocation will be spent in 2012/13. An update (No3) detailing the use of the funding was recently provided to all Councillors.
Forecast Expenditure 12/13	£3.650m

Bee and Station

Budget	£1.14m
Funding	ERDF; SRA; THI AND DCC
Expenditure to Date	£0.499m
Comments	This project involves the renovation of the former Bee & Station hotel, Rhyl to provide business units to rent. A slight delay to the project has been caused by unforeseen works to the gas main. However the project is still expected to complete within this financial year, and is within budget.
Forecast Expenditure 12/13	£0.817m

Property Acquisition & Demolitions, Rhyl Going Forward

Budget	£4.238m
Funding	SRA Grant; DCC Prudential Borrowing and PEG
Expenditure to Date	£3.786m
Comments	Honey Club Conservation Area Consent has now been received from the Welsh Government providing permission for the demolition of the Honey Club. It is intended that preliminary works commence before Christmas, with the main demolition works taking place from mid January. The CPO for the adjoining burnt out building is underway, although an objection has been received from the building's owners. The Council's development partner is continuing with designs for the replacement building. West Rhyl Housing Improvement Project A revised project application form has been submitted to the Welsh Government and it is hoped formal approval will follow shortly.
Forecast Expenditure 12/13	£1.14m

Denbigh High School Gymnasium Activity Studio

Budget	£0.474m
Funding	DCC Prudential Borrowing
Expenditure to Date	£0.065m
Comments	<p>This project involves the replacement of the existing gymnasium structure with a new gymnastic dance activity studio.</p> <p>The new facility will continue to be used by Denbigh High School and Denbigh Leisure Centre to deliver its community sports and school curriculum programme.</p> <p>The old gymnasium has now been demolished. construction of the new building has begun, with completion of the new facility expected in May 2013.</p>
Forecast Expenditure 12/13	£0.320m

Welsh Medium Area School – Ysgol Maes Hyfryd Site

Budget	£1.3m
Funding	WG, DCC
Expenditure to Date	£0.006m
Comments	<p>This new school, replacing Ysgol Llandrillo and Ysgol Maes Hyfryd will open on 1st January 2013 and will initially operate on two sites. The new name for the school is Ysgol Bro Dyfrdwy.</p> <p>The Welsh Government has recently announced £1.2m funding as part of the wider 21st Century Schools Programme. This will enable the new school to move to a single site following a significant extension and refurbishment to the current Ysgol Maes Hyfryd site.</p> <p>Planning permission has now been received and design work for the project is progressing.</p>
Forecast Expenditure 12/13	£0.100m

North Denbighshire Welsh Medium Provision

Budget	£4.373m
Funding	WG, DCC
Expenditure to Date	£0.282m
Comments	<p>The Welsh Government has provided funding as part of the transitional 21st century Schools Programme. This approval will allow for improvement works to be undertaken at three Welsh Medium schools.</p> <p>Ysgol y Llys, Prestatyn This project will deliver an extended, remodelled and refurbished school for 420 pupils. Planning permission has now been granted. It is hoped that work on site will commence next Spring with completion by July 2014.</p> <p>Ysgol Twm o'r Nant, Denbigh This project will deliver additional school hall accommodation and teaching areas. Planning permission has been granted. It is hoped to start works on site in April 2013, with completion towards the end of 2013.</p> <p>Ysgol Dewi Sant, Rhyl This project will deliver improved circulation within the school through the construction of an additional staircase, improved toilets and cloak room areas at the rear of the school. Work commenced on site during November 2012, with completion expected by March 2013.</p>
Forecast Expenditure 12/13	£0.800m

Agenda Item 9

CABINET: FORWARD WORK PROGRAMME

15 JANUARY 2013	
Financial Update Report	Cllr Julian Thompson-Hill / Paul McGrady
Budget Proposals	Cllr Julian Thompson-Hill / Paul McGrady
Community Fund	Rebecca Maxwell
Communications Strategy	Cllrs Hugh Irving & Hugh Jones / Jamie Groves
Rhyl Front Projects (including Sky Tower)	Cllr Hugh Evans / Tom Booty
Pension Auto-enrolment	Cllr Julian Thompson-Hill / Richard Weigh
Items from Scrutiny Committees	Scrutiny Coordinator
19 FEBRUARY 2013	
Financial Update Report	Cllr Julian Thompson-Hill / Paul McGrady
Cefndy Healthcare: Potential loss of DWP funding and site move	Cllr Bobby Feeley / Phil Gilroy / Deborah Holmes-Langstone
Annual Report on the Housing Revenue Account / Housing Rent Increases	Cllr Hugh Irving / Peter McHugh
BCU response to the consultation on "Healthcare in North Wales is changing"	Cllr Bobby Feeley / Sally Ellis
Items from Scrutiny Committees	Scrutiny Coordinator
19 MARCH 2013	
Financial Update Report	Cllr Julian Thompson-Hill / Paul McGrady
Items from Scrutiny Committees	Scrutiny Coordinator
16 APRIL 2013	
Financial Update Report	Cllr Julian Thompson-Hill / Paul McGrady
Items from Scrutiny Committees	Scrutiny Coordinator
14 MAY 2013	
Financial Update Report	Cllr Julian Thompson-Hill / Paul McGrady
Items from Scrutiny Committees	Scrutiny Coordinator

Updated 07/12/2012 - KEJ

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