

At: Aelodau'r Pwyllgor Llywodraethu
Corfforaethol

Dyddiad: 23 Ionawr 2015

Rhif Union: 01824712575

ebost: dcc_admin@denbighshire.gov.uk

Annwyl Gyngorydd

Fe'ch gwahoddir i fynychu cyfarfod y **PWYLLGOR LLYWODRAETHU CORFFORAETHOL, DYDD MERCHER, 28 IONAWR 2015** am **9.30** am yn **YSTAFELL BWYLLGORA 1B, NEUADD Y SIR, RHUTHUN.**

Yn gywir iawn

G Williams
Pennaeth Gwasanaethau Cyfreithiol a Democrataidd

AGENDA

1 YMDDIHEURIADAU

2 DATGAN CYSYLLTIAD (Tudalennau 5 - 6)

Dylai'r Aelodau ddatgan unrhyw gysylltiad personol neu gysylltiad sy'n rhagfarnu mewn unrhyw fater a nodwyd i'w ystyried yn y cyfarfod hwn.

3 MATERION BRYD

Rhybudd o eitemau y dylid, ym marn y Cadeirydd, eu hystyried yn y cyfarfod fel materion brys yn unol ag Adran 100B(4) Deddf Llywodraeth Leol 1972.

4 COFNODION (Tudalennau 7 - 16)

Derbyn cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 17 Rhagfyr, 2014.

5 ADRODDIAD AGGCC (Tudalennau 17 - 42)

Ystyried adroddiad gan Gyfarwyddwr Corfforaethol y Gwasanaethau Cymdeithasol (copi ynghlwm) sy'n nodi'r materion allweddol sy'n codi o werthusiad Arolygiaeth Gofal a Gwasanaethau Cymdeithasol Cymru (AGGCC) o berfformiad Gwasanaethau Cymdeithasol Sir Ddinbych yn 2013-14.

6 PROSES Y GYLLIDEB 2015/16 – 2016/17 (Tudalennau 43 - 66)

Ystyried adroddiad gan y Pennaeth Cyllid ac Asedau (copi wedi'i amgáu) sy'n rhoi diweddariad ar y broses i gyflawni'r gyllideb refeniw ar gyfer 2015/16.

7 Y DIWEDDARAF AR GAFFAEL GWASANAETHAU ADEILADU
(Tudalennau 67 - 88)

Ystyried adroddiad gan y Rheolwr Caffael Strategol Dros Dro (copi ynghlwm) sy'n nodi manylion cynnydd gwaith dilynol diweddaraf Archwilio Mewnol mewn perthynas â Chaffael Gwasanaethau Adeiladu.

8 ADRODDIADAU RHEOLI TRYSORLYS (Tudalennau 89 - 120)

Ystyried adroddiad gan y Pennaeth Cyllid ac Asedau (copi ynghlwm) sy'n cynnwys Datganiad Strategaeth Rheoli'r Trysorlys 2014/15, Dangosyddion Darbodus 2015/16 a Diweddariad 2014/15.

9 ADOLYGIAD HAMDDEN CLWYD

Derbyn adroddiad llafar gan y Cyfarwyddwr Corfforaethol: Uchelgais Economaidd a Chymunedol mewn perthynas â Hamdden Clwyd.

10 RHEOLAETH ARIANNOL YSGOLION

Derbyn adroddiad llafar gan Reolwr Cynllunio Addysg ac Adnoddau ar reolaeth ariannol ysgolion.

11 ADBORTH O'R CYFARFOD CYDRADDOLDEB CORFFORAETHOL

Derbyn adroddiad ar lafar gan y Cynghorydd M.L. Holland.

12 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL
(Tudalennau 121 - 122)

Ystyried Rhaglen Gwaith i'r Dyfodol y Pwyllgor (copi ynghlwm).

AELODAETH

Y Cynghorwyr

Joan Butterfield
Stuart Davies
Peter Duffy

Martyn Holland
Gwyneth Kensler
Jason McLellan

Aelod Lleyg

Paul Whitham

COPIAU I'R:

Holl Gynghorwyr er gwybodaeth
Y Wasg a'r Llyfrgelloedd
Cynghorau Tref a Chymuned

Mae tudalen hwn yn fwriadol wag

Cod Ymddygiad Aelodau

DATGELU A CHOFRESTRU BUDDIANNAU

Rwyf i,
(enw)

*Aelod /Aelod cyfetholedig o
(*dileuer un)

Cyngor Sir Ddinbych

YN CADARNHAU fy mod wedi datgan buddiant ***personol / personol a sy'n rhagfarnu** nas datgelwyd eisoes yn ôl darpariaeth Rhan III cod ymddygiad y Cyngor Sir i Aelodau am y canlynol:-
(*dileuer un)

Dyddiad Datgelu:

Pwyllgor (nodwch):

Agenda eitem

Pwnc:

Natur y Buddiant:

Llofnod

Dyddiad

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, *(name)*

a *member/co-opted member of

*(*please delete as appropriate)*

Denbighshire County Council

CONFIRM that I have declared a ***personal / personal and prejudicial** interest not previously declared in accordance with the provisions of Part III of the Council's Code of Conduct for Members, in respect of the following:-

*(*please delete as appropriate)*

Date of Disclosure:

Committee *(please specify)*:

Agenda Item No.

Subject Matter:

Nature of Interest:

Signed

Date

PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cofnodion cyfarfod o'r Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd yn Ystafell Bwyllgora 1a, Neuadd y Sir, Rhuthun, Dydd Mercher, 17 Rhagfyr 2014 am 9.30 am.

YN BRESENNOL

Y Cyngorwyr Stuart Davies, Gwyneth Kensler, Jason McLellan (Cadeirydd) a Mr Paul Whitham (Aelod Lleyg).

Mynychodd y Cyngorwyr M.Ll. Davies a J. Thompson-Hill fel arsylwyr.

HEFYD YN BRESENNOL

Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd (GW), Pennaeth Archwilio Mewnol (IB), Pennaeth Gwasanaethau Plant a Theuluoedd (LR), Pennaeth Refeniw a Budd-daliadau (RU), Prif Gyfrifydd (RW), Rheolwr Gwasanaeth - Plant sy'n Derbyn Gofal (RM), Cynrychiolwyr o Swyddfa Archwilio Cymru (GB ac AV) a Gweinyddwr Pwyllgorau (CIW).

1 YMDDIHEURIADAU

Derbyniwyd ymddiheuriadau am absenoldeb oddi wrth y Cyngorwr(wyr) Joan Butterfield a/ac Martyn Holland.

2 DATGAN CYSYLLTIAD

Eitem 5 ar y Rhaglen: Proses y Gyllideb 2016/16 – Datganodd y Cyngorwyr S. A. Davies gysylltiad personol oherwydd bod ei wraig yn aelod o staff Cyngor Sir Ddinbych.

Eitem 11 ar y Rhaglen: Rhaglen Gwaith i'r Dyfodol – Datganodd y Cyngorwyr G. M. Kensler a Mr P. Whitham (Aelod Lleyg) gysylltiad personol oherwydd eu bod yn derbyn Pensiwn Llywodraeth Leol.

3 MATERION BRYD

Ni chodwyd unrhyw eitem y dylid, ym marn y Cadeirydd, ei hystyried yn y cyfarfod fel mater o frys yn unol ag Adran 100B(4) Deddf Llywodraeth Leol, 1972.

4 COFNODION

Cofnodion cyfarfod y Pwyllgor Llywodraethu Corfforaethol a gynhaliwyd ar 5 Tachwedd 2014.

PENDERFYNWYD – y dylid derbyn a chymeradwyo'r cofnodion fel cofnod cywir.

5 PROSES Y GYLLIDEB 2015/16

Roedd adroddiad, ac atodiad cyfrinachol, gan y Pennaeth Cyllid ac Asedau, a oedd yn rhoi diweddariad ar y broses i gyflawni'r gyllideb referniw ar gyfer 2015/16, wedi ei ddsbarthu eisoes.

Eglurodd y Cyngorydd J. Thompson-Hill bod proses y gyllideb wedi symud at ddiwedd yr ail gam. Roedd Atodiad 1 yn dangos y darlun o broses y gyllideb, er gwybodaeth, ac roedd tabl o ddigwyddiadau allweddol yn y broses wedi ei gynnwys yn yr adroddiad.

Roedd strategaeth gyllidebol y cyngor wedi nodi bwch cyllidebol o hyd at £18 miliwn dros ddwy flynedd yn flaenorol. Cafodd hyn ei lywio'n bennaf gan arwyddion y byddai setliad cyllido'r Cyngor yn cael ei dorri o 4.5%. Mae'r Setliad Llywodraeth Leol Dros Dro yn dangos y byddai'r gostyngiad arian parod yn 3.7%, sy'n cyfateb i £5.3 miliwn. Gyda'r costau y mae'n rhaid i'r cyngor eu hariannu, fel cynnydd mewn cyflog, pensiynau ac ynni, mae bwch y gyllideb ar gyfer 2015/16 bellach yn oddeutu £8.3 miliwn a disgwylir y bydd yn oddeutu £8.8 miliwn yn 2016/17 – cyfanswm o £17.1 miliwn.

Mae dadansoddiad o'r symudiadau mewn rhagdybiaethau rhwng mis Medi a diwedd mis Tachwedd wedi ei gynnwys yn Atodiad 2. Mae'n amlinellu effaith y newidiadau yn sgil y Setliad Dros Dro, gan gynnwys effaith trosglwyddo grantiau i mewn ac allan o'r Setliad, ac yn dangos y symudiad mewn rhagdybiaethau pwysau cost yn ystod y cyfnod. Bydd y rhagdybiaethau yn newid yn rheolaidd ac fe ddangosir hyn yn y symudiad dros y tri mis diwethaf sy'n cynnwys rhagdybiaethau ar gyfer costau straen pensiwn, ardoll y gwasanaeth tân a chodiad cyflog. Mae Atodiad 3 yn dangos tablau o'r Setliad Dros Dro i dynnu sylw at y canlynol:-

- Mae Tabl 1 yn dangos y sylfaen a addaswyd gyda gostyngiad o 3.7%.
- Mae Tabl 2 yn dangos sut yr addaswyd y sylfaen gan drosglwyddiadau i mewn ac allan o'r Setliad.
- Mae Tabl 3 yn dangos trosglwyddiadau pellach wedi eu cynnwys yn y Setliad ond heb eu hariannu'n benodol.
- Mae Tabl 4 yn dangos rhestr o'r grantiau rhwng 2014/15 a 2015/16.

Mae Tabl 4 yn tynnu sylw at y mater ynghylch y Gronfa Gofal Canolraddol a'r Gronfa Cydweithredu Rhanbarthol. Sefydlwyd y Gronfa Cydweithredu Rhanbarthol yn 2013/14 fel grant 3 blynedd i ariannu prosiectau cydweithio rhanbarthol ac roedd cyfanswm o £10 miliwn ar gael ar draws Cymru. Yn 2014/15, dargyfeiriwyd hanner y gronfa i gronfa gwerth £50 miliwn (y Gronfa Gofal Canolraddol) i hybu gwell integreiddio rhwng iechyd a gofal cymdeithasol. Roedd setliad dros dro yn dangos diwedd y Gronfa Gofal Canolraddol ond roedd yn cynnwys oddeutu £5 miliwn o arian y Gronfa Cydweithredu Rhanbarthol a oedd yn ariannu nifer o brosiectau sydd â blwyddyn arall ar ôl.

Mae'r setliad terfynol ar gyfer 2015/16 wedi ei gyhoeddi ddechrau mis Rhagfyr. Bydd ail gam proses y gyllideb yn dod i ben gyda chyflwyno cynigion i'r Cyngor ym mis Rhagfyr. Cyfanswm y cynigion yw £3.6 miliwn yn 2015/16 ac £1.8 miliwn yn 2016/17, a gyda'r cynigion a gymeradwywyd gan y Cyngor ym mis Medi, bydd cyfanswm yr holl gynigion yn dod i £7.3 miliwn yn 2015/16 a £2.7 miliwn yn 2016/17.

Byddai Cam 3 proses y gyllideb yn ystyried y cynigion terfynol i gydbwysu cyllideb 2015/16, gan gynnwys opsiynau ar gyfer Treth y Cyngor a defnyddio unrhyw gronfa wrth gefn. Mae'r materion hyn wedi eu trafod yng ngweithdy'r aelodau ar 12 Rhagfyr cyn i'r gyllideb gael ei chymeradwyo'n derfynol ym mis Chwefror. Byddai Cam 3 o'r broses hefyd yn parhau i ddatblygu opsiynau arbedion ar gyfer 2016/17. Roedd yr adroddiad i'r Cyngor ar 9 Rhagfyr wedi amlygu proses ymgynghori sylweddol ac mae'r manylion llawn wedi eu crynhoi yn yr adroddiad. Cyfeiriodd y Cadeirydd at faterion a godwyd ynglŷn â gwybodaeth yn ymwneud â'r broses o ryddid a hyblygrwydd, a'r ymateb a gafwyd y gallai Aelodau ofyn cwestiynau pellach y gellid eu harchwilio yng Ngweithdai'r Gyllideb.

Esboniodd Mr P. Whitham y nodwyd yn flaenorol mai cyllid oedd y risg pwysicaf sy'n wynebu'r Cyngor, ac roedd yn teimlo bod tri risg penodol allweddol ym Mhroses y Gyllideb y dylai'r Pwyllgor Llywodraethu Corfforaethol dderbyn sicrwydd yn eu cylch, sef:-

- risgiau o wanhau neu gael gwared ar reolaethau wrth i adnoddau leihau, gan arwain o bosibl at fwy o risg Llywodraethu;
- mewn achos o ddiswyddiadau, y risgiau o fethu gwireddu arbedion ariannol yn 2016/17 o ganlyniad i beidio â gwneud penderfyniadau rŵan;
- risgiau arloesi fel risgiau i gaffael pethau'n allanol a mewnol, os nad yw amodau a thelerau contractau ymlaen llaw, agweddau cychwynnol o reoli contractau yn cael eu rheoli'n iawn.

Awgrymodd Mr Whitham y gellir cyfeirio at y tri risg penodol, a'r sicrwydd yn eu cylch, yn yr adroddiad nesaf i'r Pwyllgor am Broses y Gyllideb. Eglurodd y Cadeirydd fod y meysydd a nodwyd wedi eu cyfeirio atynt yn y Cynllun Gweithredu ar gyfer Gwella Llywodraethu. Cyfeiriodd y Prif Gyfrifydd at broffil risg cyffredinol y Cyngor a gwelededd uchel y broses a fabwysiadwyd gyda phob cam yn cael ei archwilio a'i adolygu. Cadarnhawyd bod bwriad i adnabod y rhan fwyaf o'r arbedion ar gyfer 2016/17 erbyn dechrau blwyddyn ariannol 2015/16.

Eglurodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd bod y Prif Weithredwr yn dymuno mabwysiadu dull strategol o fonitro gweithrediad cyffredinol y toriadau a'r arbedion. Byddai dull rhaglen yn defnyddio Verto yn cael ei fabwysiadu er mwyn tracio cynnydd pob cynnig unigol. Byddai hefyd yn cynnwys trosolwg o sut mae'r Cyngor yn cyfathrebu â'r cyhoedd, gyda'r risgiau yn cael eu rheoli'n weithredol. Ar hyn o bryd mae Adnoddau Dynol yn cynhyrchu map o gynigion sy'n ymwneud â materion staffio.

Cadarnhaodd Pennaeth Archwilio Mewnol fod gwaith yn cael ei wneud ar reoli perthynas y Cyngor â chyrff allanol, ac eglurodd y Prif Gyfrifydd fod y Tîm Gweithredol Corfforaethol wedi gofyn am adolygiad ar ôl cwblhau'r gyllideb.

Mewn ymateb i bryderon a godwyd gan y Cynghorydd G. M. Kensler ynghylch unrhyw effaith ariannol ar y Cyngor yn sgil Diwygio Llywodraeth Leol, eglurodd y Cadeirydd mai dim ond Sir Ddinbych hyd yma sydd wedi cyflwyno Datganiad o Ddiddordeb. Dywedodd y Cynghorydd J. Thompson-Hill y byddai gwaith y Cyngor yn parhau, gyda'r bwriad o fynd i'r afael â'r materion gyllidebol presennol, hyd nes bydd penderfyniad ffurfiol wedi ei wneud. Cadarnhaodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd y byddai busnes y Cyngor yn datblygu yn ôl yr arfer yn ystod y tair blynedd nesaf gan ganolbwyntio ar broses y gyllideb. Amlinellodd y Prif Gyfrifydd rôl y Pwyllgor mewn perthynas â Diwygio Llywodraeth Leol, a'r gwaith y gellid ei wneud gyda Chonwy mewn perthynas â chynhyrchu Cynllun Busnes.

Eglurodd y Cadeirydd fod ei awgrym yng nghyfarfod y Cyngor, 'bod Asesiadau o Effaith ar Gydraddoldeb Proses y Gyllideb hefyd yn cynnwys effaith y toriadau yn y gyllideb ar bobl ar incwm isel', wedi cael derbyniad da gan y Prif Weithredwr. Yn dilyn trafodaeth bellach:-

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi'r adroddiad yn amodol ar y sylwadau sydd wedi eu gwneud.

(RW i weithredu)

6 ADOLYGIAD SWYDDFA ARCHWILIO CYMRU O GYNLLUNIO ARIANNOL

Derbyn adroddiad gan Swyddfa Archwilio Cymru ar Asesiad Cynllunio Ariannol Sir Ddinbych (copi ynghlwm).

Cyflwynodd cynrychiolydd Swyddfa Archwilio Cymru adroddiad terfynol Swyddfa Archwilio Cymru ar gynllunio ariannol Sir Ddinbych (copi ynghlwm) a darparwyd crynodeb o'r canfyddiadau allweddol canlynol:-

- Mae gan y Cyngor drefniadau rheoli ariannol da heb unrhyw ddiffyg uniongyrchol.
- Mae gan y Cyngor hanes da o ran cyflawni arbedion a nodwyd o fewn blwyddyn yn erbyn y camau gweithredu a gymeradwywyd.
- Mae cynlluniau a threfniadau'r Cyngor yn y dyfodol i sicrhau arbedion yn addas i'r diben ac yn cael eu rheoli'n effeithiol.
- Nid oes cynigion nac argymhellion yn sgil yr adolygiad hwn.

Hysbyswyd y Pwyllgor bod yr adroddiad wedi ei roi ar wefan y Cyngor, a chytunwyd gyda'r awgrym y dylai'r ddogfen fod yn destun datganiad i'r wasg ac y dylid rhoi gwybod i'r Tîm Cyfathrebu a Rheoli Ymgyrchoedd. Eglurodd cynrychiolydd Swyddfa Archwilio Cymru y byddai'r broses ymgysylltu a fabwysiadwyd o ran y wasg yn fater i'r cynghorau perthnasol ei ystyried, a chadarnhaodd bod Sir Ddinbych, o ran cydymffurfio, wedi bodloni'r gofynion disgwylidig.

Mewn ymateb i bryderon a godwyd gan y Cynghorydd S. A. Davies, eglurodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd fod Sir Ddinbych wedi fframio ei ymarfer gyda'r cyhoedd yn ofalus drwy gynnal proses ymgysylltu, lle gofynnwyd am eu barn ynghylch effaith y cynigion, yn hytrach na

chynnal proses ymgynghori. Cadarnhaodd y byddai'n rhaid i Aelodau Etholedig wneud dewisiadau.

Yn dilyn trafodaeth bellach:-

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol:-

(a) yn derbyn ac yn nodi cynnwys adroddiad Swyddfa Archwilio Cymru,
(b) yn sicrhau y rhoddir gwybod i'r Tîm Cyfathrebu a Rheoli Ymgyrchoedd y dylai'r ddogfen yn eu barn hwy fod yn destun datganiad i'r wasg.
(GW i Weithredu)

7 CAFFAEL GWASANAETHAU ADEILADU - DIWEDDARIAD

Roedd adroddiad y Pennaeth Archwilio Mewnol, a oedd yn rhoi manylion gwaith dilynol diweddaraf Archwilio Mewnol mewn perthynas â Chaffael Gwasanaethau Adeiladu yn dilyn ei adroddiad cychwynol ym mis Hydref, 2013 ac adroddiad Swyddfa Archwilio Cymru ym mis Mawrth, 2014, wedi ei gylchredeg yn flaenorol.

Cyhoeddodd Archwilio Mewnol adroddiad ar Gaffael Gwasanaethau Adeiladu ym mis Hydref 2013 a oedd yn rhoi sgôr sicrwydd 'isel', gyda chynllun gweithredu ar gyfer gwella. Daeth yr adolygiad i'r casgliad "bod cryn le i wella. Trwy ddatblygu ymagwedd strategol, mae potensial i wneud caffael gwaith adeiladu yn llawer mwy effeithlon drwy symleiddio prosesau a'u gwneud yn fwy cyson, gyda'r fantais o ddileu dyblygu."

Soniodd adroddiad mis Mawrth, 2014 Swyddfa Archwilio Cymru am waith cynnal a chadw adeiladau ysgolion, gan ddod i'r casgliad "bod angen gwneud gwelliannau i'r trefniadau caffael presennol i sicrhau bod y Cyngor yn gallu dangos ei fod yn sicrhau gwerth am arian. Yn ogystal, nid yw'r Cyngor yn cydymffurfio'n llawn â'i reolau gweithdrefn contract presennol."

Mae'r cynllun gweithredu dilynol, Atodiad 1, yn cynnwys 21 cam gweithredu'r gwasanaeth Archwilio Mewnol a chynlluniau gweithredu Swyddfa Archwilio Cymru. Er bod rhywfaint o gynnydd wedi ei wneud ers yr adroddiad dilynol cyntaf ym mis Medi, 2014, dim ond wyth cam gweithredu sydd wedi eu gweithredu'n llawn, er bod pob un o'r camau gweithredu sy'n weddill ar y gweill. Bu cynnydd o ran datblygu strategaeth gaffael ddrafft a rheolau'r weithdrefn contractau, y mae'r ddau ohonynt yn effeithio ar weithredu nifer o gamau gwella eraill. Cadarnhaodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd fod Rheolau'r Weithdrefn Contractau bellach wedi eu cymeradwyo gan y Cyngor ac y byddant yn cael eu hymgorffori yng Nghyfansoddiad y Cyngor.

Mynegodd Mr P. Whitham bryder ynghylch goblygiadau ariannol posibl i'r Cyngor drwy beidio â chael Strategaeth Gaffael o ran Adeiladu a Chaffael. Cyfeiriodd hefyd at arwyddocâd cyflwyno prosiectau o fewn y Cynllun Corfforaethol yn briodol.

Eglurodd y Prif Gyfrifydd fod trafodaethau wedi eu cynnal rhwng y Swyddog Caffael Strategol Dros Dro ac Adnoddau Dynol o ran sicrhau bod aelodau perthnasol o

staff, gydag unrhyw gyfrifoldeb caffael, yn mynychu sesiynau hyfforddi Rheolau'r Weithdrefn Contractau fesul gwasanaeth. Cadarnhaodd y Pennaeth Archwilio Mewnol fod gwaith yn cael ei wneud ar hyn o bryd mewn ysgolion gyda rheolwyr cyllid, penaethiaid a chyrrff llywodraethu a fyddai'n ymgorffori rheolau'r weithdrefn contractau ac agweddau cyfathrebu perthnasol.

Mewn ymateb i gwestiwn gan y Cynghorydd S. A. Davies, cytunodd y swyddogion i ddarparu manylion am yr oedi a gafwyd oherwydd materion yn ymwneud â'r rheolwr prosiect, o ran Risg Rhif 3.

Ymatebodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd i gwestiwn gan Mr P. Whitham mewn perthynas â Risg Rhif 11 ac esboniodd fod y system Verto, a ddefnyddir i reoli prosiectau, wedi ei diweddarau i gynnwys cwestiynau ychwanegol y mae'n rhaid eu hateb cyn cael caniatâd i symud ymlaen i gam nesaf y broses.

Yn ystod y drafodaeth a ddilynodd mynegodd y Pwyllgor beth pryder ynghylch lefel y cynnydd a gyflawnwyd gan ofyn am adroddiad pellach ym mis Ionawr, 2015. Cytunodd yr Aelodau y dylid gofyn i'r Swyddog Caffael Strategol Dros Dro fynychu'r cyfarfod er mwyn darparu manylion pellach.

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol:-

(a) yn derbyn ac yn nodi cynnwys adroddiad dilynol Swyddfa Archwilio Cymru; ac yn

(b) gofyn am gael adroddiad pellach ym mis Ionawr, 2015, a gwahodd y Swyddog Caffael Strategol Dros Dro i fynychu'r cyfarfod.

(GW ac IB i Weithredu)

8 CYNLLUN GWELLA'R DREFN LYWODRAETHOL

Roedd adroddiad gan y Pennaeth Archwilio Mewnol sy'n rhoi'r wybodaeth ddiweddaraf am Gynllun Gwella Trefn Lywodraethol y Cyngor sy'n deillio o 'ddatganiad llywodraethu blynyddol' y Cyngor 2013/14 – 'Sicrhau llywodraethu da a gwelliant parhaus', wedi ei gylchredeg yn flaenorol.

Mae'r adroddiad yn darparu gwybodaeth am y cynnydd sy'n digwydd o ran rhoi'r gwahanol gamau gweithredu sydd wedi eu cynnwys yng Nghynllun Gwella Trefn Lywodraethol y Cyngor ar waith, er mwyn sicrhau bod gan y Cyngor drefn lywodraethol gadarn ac effeithiol ar waith. Roedd Datganiad Llywodraethu Blynyddol, 'Darparu llywodraethu da a gwelliant parhaus', yn darparu hunanasesiad tryloyw a chytbwys o drefn lywodraethol y Cyngor, ac yn amlygu unrhyw wendid llywodraethu arwyddocaol ac unrhyw faes arall y mae angen ei wella.

Mae'r meysydd gwella wedi eu cynnwys yng Nghynllun Gwella'r Drefn Lywodraethol, a oedd yn cynnig camau gweithredu i fynd i'r afael â gwendidau, y swyddogion sy'n gyfrifol am y camau gweithredu hynny ac amserlenni. Mae diweddariad ar gynnydd Cynllun Gwella'r Drefn Lywodraethol wedi ei gynnwys yn Atodiad 1.

Nid yw hunanasesiad o'r 'Datganiad Llywodraethu Blynyddol' wedi cyfrannu'n uniongyrchol at y Blaenoriaethau Corfforaethol. Er nad yw'r hunanasesiad ei hun yn cyfrannu'n uniongyrchol at Flaenoriaethau Corfforaethol, mae'n darparu asesiad a sicrwydd ar y gwaith o gyflawni'r Cynllun Corfforaethol, perfformiad gweithredol ac ariannol y Cyngor, trefniadau llywodraethu, ymgysylltu â'r gymuned ac ati, gyda phob un ohonynt yn cael eu cyfeirio tuag at gyflawni'r Blaenoriaethau Corfforaethol.

Cadarnhaodd y Pennaeth Archwilio Mewnol fod swyddogion sy'n gyfrifol am weithredu'r camau a nodwyd yn y cynllun wedi eu hymgynghori â nhw. Eglurodd, pe na bai Cynllun Gwella'r Drefn Lywodraethol yn cael ei weithredu, byddai gwendidau yn aros yn nhrefn lywodraethol y Cyngor, a allai arwain at:-

- adroddiadau rheoleiddiol niweidiol;
- defnydd gwael o arian cyhoeddus;
- methiant i wella meysydd corfforaethol a meysydd gwasanaeth allweddol;
- colli hyder budd-ddeiliaid; ac
- effaith andwyol ar enw da'r Cyngor.

Cafwyd yr ymatebion canlynol i gwestiynau gan Mr P. Whitham:-

- Cadarnhaodd y Pennaeth Archwilio Mewnol y byddai Cam 2 y datblygiad ar drosglwyddo swyddogaethau yn cynnwys y fframwaith rheoli'r berthynas â phartïon eraill. Byddai hyn yn cynnwys swyddogaeth gomisiynu gref a fyddai yn ei lle cyn i unrhyw swyddogaeth gael ei gaffael yn fewnol neu'n allanol.
- Eglurodd y Cadeirydd y bydd Adroddiad Blynyddol y Pwyllgor Llywodraethu Corfforaethol yn cael ei gyflwyno i'r Cyngor ym mis Chwefror, 2015.

Mewn ymateb i gwestiwn gan y Cynghorydd G. M. Kensler, eglurodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democraataidd y byddai'r Gweithgor Cyfansoddiad yn cyfarfod ym mis Ionawr, 2015 cyn cyflwyno adroddiad i'r Pwyllgor Llywodraethu Corfforaethol. Mynegodd y Cynghorydd S. A. Davies bryderon ynghylch cywirdeb cynnwys llyfryn y Grŵp Cydraddoldeb Corfforaethol.

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol yn derbyn ac yn nodi cynnwys yr adroddiad.

9 TALIAD ARIANNOL I RAI SY'N GADAEL GOFAL - DIWEDDARIAD

Derbyniodd y Pwyllgor ddiweddariad ar lafar gan Bennaeth y Gwasanaethau Plant a Theuluoedd ar gynnydd y Cynllun Gweithredu a gynhwysir yn yr adroddiad Archwilio Mewnol ar Daliadau Ariannol i'r Rheiny sy'n Gadael Gofal. Cylchredwyd yr adroddiad a gyflwynwyd i'r Pwyllgor ym mis Tachwedd, 2014 gyda'r papurau ar gyfer y cyfarfod.

Cyfeiriodd y Cadeirydd at y farn a fynegwyd yn y cyfarfod blaenorol bod y pennawd gweithredu, nad oedd cyfarfod wedi ei gynnal rhwng y Pennaeth Refeniw a Budd-daliadau a'r Rheolwr Gwasanaeth - Plant sy'n Derbyn Gofal, wedi cael effaith andwyol ar rai o'r camau gweithredu eraill a nodwyd. Cytunodd y Pwyllgor y dylid

gwahodd Pennaeth Refeniw a Budd-daliadau a Rheolwr Gwasanaeth Plant sy'n Derbyn Gofal i fynychu cyfarfod mis Rhagfyr, 2014 i esbonio'r diffyg cynnydd a rhoi sicrwydd bod y Cynllun Gweithredu yn cael ei ddatblygu.

Eglurodd Pennaeth y Gwasanaethau Plant a Theuluoedd, ar ôl cysylltu ymhellach gydag Archwilio Mewnol, mai'r cyswllt priodol yw'r Gwasanaethau Caffael yn hytrach na Refeniw a Budd-daliadau. Roedd y prif feysydd o bryder yn ymwneud â:-

- Pwysigrwydd sicrhau bod system gadarn i fynd i'r afael â'r gwaith o reoli'r symiau mawr o arian parod a drinnir yn Ffordd Brighton, y Rhyl.
- Mae'r Gwasanaeth, o ganlyniad i benderfyniadau'r Llywodraeth a'r Llys, yn gweithredu fel asiantaeth fudd-daliadau ac mae angen archwilio sut i gyflawni'r swyddogaeth hon yn effeithiol, a rhoi sylw i faterion a dimensiynau cysylltiedig eraill.
- Rôl y Cyngor fel rhiant corfforaethol i ddefnyddwyr gwasanaeth, a'r angen i edrych ar weithredu systemau addas ar gyfer y Cyngor a defnyddwyr gwasanaeth.

Eglurwyd bod y broses archwilio mewnol wedi ei sefydlu i roi cyfeiriad ac arweiniad wrth ddatblygu Cynllun Gweithredu. Cadarnhawyd bod cynnydd wedi ei gyflawni ac amlygwyd y materion canlynol:-

- Anawsterau sy'n codi pan nad yw defnyddwyr gwasanaeth yn gallu rheoli eu harian eu hunain.
- Yr angen i sicrhau cydbwysedd rhwng rheoli'r broses fel asiantaeth fudd-daliadau a rhiant corfforaethol, i sicrhau bod defnyddwyr gwasanaeth yn defnyddio eu cyllid dros gyfnod penodol o amser.
- Na fu fawr ddim effaith andwyol ar ddefnyddwyr gwasanaeth. Mae'r prosesau a ddefnyddiwyd wedi sicrhau bod gofynion ac anghenion defnyddwyr gwasanaethau wedi cael sylw.
- Yr angen i sicrhau nad yw materion sy'n ymwneud â rheoli arian parod yn cael effaith andwyol ar ddefnyddwyr gwasanaeth. Crynhowyd y manylion yn ymwneud â rheoli llif arian ac archwilio modelau talu newydd.

Darparodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd yr wybodaeth ganlynol mewn perthynas â Refeniw a Budd-daliadau:-

- Cynnydd yn lefel y galw am arian parod a'r mesurau diogelu a ddefnyddir.
- Cydnabuwyd bod Tîm Gwasanaethau Plant yn sicrhau bod anghenion defnyddwyr gwasanaeth yn cael eu diwallu.
- Arym i leihau taliadau arian parod lle bo'n bosibl, er mwyn lleihau'r posibilrwydd o dwyll a cham-drin.
- Yr angen i archwilio gweithgarwch caffael, cynnwys darparu tocynnau bws, sefydliadau elusennol ac ymgysylltiad trydydd sector arall.
- Pwysigrwydd sicrhau set gadarn o weithdrefnau a phrosesau wedi eu sefydlu ar gyfer dosbarthu arian parod.
- Cadarnhawyd nad yw arian parod yn cael ei ddarparu ar gyfer caffael nwyddau gwyn.

Mewn ymateb i gwestiwn gan y Cadeirydd ynglŷn â darparu hyfforddiant rheolaeth ariannol, cyfeiriodd Rheolwr Gwasanaeth Plant sy'n Derbyn Gofal at y rhaglen reoli arian a ddarperir gan Elusen Plant Barnardos. Amlinellodd hefyd y broses i fynd i'r

afael â'r camau gweithredu a amlygwyd a oedd yn cynnwys trafodaethau gyda'r Uwch Swyddog Caffael mewn perthynas â nwyddau gwyn, cardiau talu ymlaen llaw a thocynnau teithio.

Darparodd Rheolwr Gwasanaeth Plant sy'n Derbyn Gofal grynodedb manwl o'r cynnydd a wnaed o ran Materion Risg 1, 2 a 3 yn y Cynllun Gweithredu. Eglurodd y Prif Gyfrifydd nad oedd unrhyw ateb perffaith ar gael a bod y camau a gymerwyd yn realistig o ystyried yr hyn sydd ar gael. Cytunodd y Pennaeth Archwilio Mewnol bod adroddiad cynnydd yn cael ei gyflwyno i'r Pwyllgor ym mis Mawrth, 2015.

Yn dilyn trafodaeth bellach:-

PENDERFYNWYD - bod y Pwyllgor Llywodraethu Corfforaethol:-

(a) yn derbyn ac yn nodi' camau gweithredu yn yr adroddiad, ac yn

(b) gofyn i'r Pennaeth Archwilio Mewnol gyflwyno adroddiad diweddar i'r Pwyllgor yng nghyfarfod mis Mawrth, 2015.

(IB i Weithredu)

10 ADBORTH O'R CYFARFOD CYDRADDOLDEB CORFFORAETHOL

Roedd y Cynghorydd M. L. Holland wedi ymddiheuro oherwydd salwch ac ni chyflwynwyd adroddiad.

11 RHAGLEN WAITH Y PWYLLGOR LLYWODRAETHU CORFFORAETHOL

Cyflwynwyd Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol (a gylchredwyd eisoes) i'w ystyried.

Cadarnhaodd y Pwyllgor Llywodraethu Corfforaethol Rhaglen Gwaith i'r Dyfodol y Pwyllgor yn amodol ar gynnwys yr adroddiadau canlynol:-

28 Ionawr, 2015:-

- Oherwydd prinder amser gofynnodd yr Aelodau am adroddiad trosolwg ynglŷn â Diweddariad Adolygiad Hamdden Clwyd.
- Cynnwys adroddiad diweddar gan y Swyddog Caffael Strategol Dros Dro ar Gaffael Gwasanaethau Adeiladu yn y Rhaglen Gwaith i'r Dyfodol.

26 Mawrth, 2014:-

- Adroddiad ar Adolygiad Hamdden Clwyd.
- Adroddiad ar weithgarwch Swyddfa Archwilio Cymru.

Mewn ymateb i bryderon a godwyd gan y Cynghorydd S. A. Davies, cytunwyd y byddai'r Cynghorydd Davies yn anfon gwybodaeth yn ymwneud â'r Cynllun Pensiwn at Gadeirydd ac Is-gadeirydd y Pwyllgor Llywodraethu Corfforaethol erbyn 8 Ionawr, 2015. Yna byddai'r wybodaeth yn cael ei chyflwyno er ystyriaeth Grŵp

Cadeiryddion ac Is-Grŵp Cadeiryddion Archwilio a'i chyflwyno wedyn, o bosibl, i'r Pwyllgor Archwilio priodol. Eglurodd Pennaeth y Gwasanaethau Cyfreithiol, Adnoddau Dynol a Democrataidd fod y Cynllun Pensiwn yn gynllun statudol. Fodd bynnag, gellir comisiynu adroddiad gwybodaeth sy'n cynnwys y manylion perthnasol i'w hystyried gan yr Aelodau. Eglurodd cynrychiolydd Swyddfa Archwilio Cymru mai Sir y Fflint yw Awdurdod Gweinyddol Cronfa Bensiwn Clwyd ac y byddai'n bwysig nodi'r strwythurau llywodraethu sydd yn eu lle. Cadarnhawyd y byddai unrhyw oblygiadau ar gyfer y Cynllun Pensiwn yn sgil Diwygio Llywodraeth Leol yn cael eu hystyried a'u cynnwys yn yr Achos Busnes.

PENDERFYNWYD - yn amodol ar yr uchod bod y Pwyllgor yn cymeradwyo'r Rhaglen Gwaith i'r Dyfodol.

Daeth y cyfarfod i ben am 12.30 p.m.

| | |
|-----------------------------------|---|
| Adroddiad i'r: | Pwyllgor Llywodraethu Corfforaethol |
| Dyddiad y Cyfarfod: | 28 Ionawr 2015 |
| Aelod / Swyddog Arweiniol: | Aelod Arweiniol dros Ofal Cymdeithasol a Gwasanaethau Plant/ Cyfarwyddwr Corfforaethol Gwasanaethau Cymdeithasol |
| Awdur yr Adroddiad: | Adroddiad Eglurhaol: Prif Reolwr - Cefnogi Busnes Adroddiad Gwerthuso: AGGCC |
| Teitl: | Adroddiad Gwerthuso Perfformiad 2012-13 AGGCC: Gwasanaethau Cymdeithasol Cyngor Sir Ddinbych |

1. Am beth mae'r adroddiad yn sôn?

- 1.1. Mae'r adroddiad yn nodi'r materion allweddol sy'n deillio o werthusiad Arolygiaeth Gofal a Gwasanaethau Cymdeithasol Cymru (AGGCC) o berfformiad Gwasanaethau Cymdeithasol Sir Ddinbych am 2013-14. Mae copi o'r gwerthusiad llawn yn Atodiad I.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

- 2.1. Sicrhau bod y Pwyllgor yn ymwybodol o'r gwerthusiad perfformiad ar gyfer gwasanaethau cymdeithasol gan gynnwys meysydd cynnydd, meysydd i'w gwella a risg.

3. Beth yw'r Argymhellion?

- 3.1. Argymhellir bod yr Aelodau yn ystyried y gwerthusiad AGGCC a'r adroddiad cynnydd cysylltiedig gan y Gwasanaethau Cymdeithasol ac ystyried a oes angen unrhyw archwilio pellach. Mae'r Rheolwr Ardal ar gyfer AGGCC yn bwriadu mynychu'r cyfarfod er mwyn galluogi Aelodau i ofyn am eglurhad ar unrhyw elfen benodol o'r adroddiad gwerthuso AGGCC.

4. Manylion yr Adroddiad

- 4.1. Bob blwyddyn mae AGGCC yn cynnal gwerthusiad cynhwysfawr o berfformiad gwasanaethau cymdeithasol pob awdurdod lleol. Mae'r gwerthusiad yn cwmpasu ystod eang o dystiolaeth, gan gynnwys: adroddiad blynyddol y Cyfarwyddwr Gwasanaethau Cymdeithasol ar berfformiad a chynlluniau ar gyfer gwella yn ei ardal awdurdod lleol; gwaith rheoleiddio'r AGGCC; a barn archwilwyr ac arolygwyr eraill. Mae'r gwerthusiad yn cael ei gymedroli i sicrhau dull cyson, tryloyw a chymesur.

- 4.2. Yn gryno, mae'r gwerthusiad o Wasanaethau Cymdeithasol Sir Ddinbych wedi amlygu bod eglurder a ffocws yn yr adroddiad sy'n amlinellu'r cyfeiriad ar gyfer gofal cymdeithasol yn Sir Ddinbych ac yn arbennig:
- Mae tystiolaeth gref o gymryd ymagwedd strategol i ateb yr heriau demograffig
 - Mae'r Cyngor wedi gweithredu modelau arloesol o ymarfer a datblygu partneriaethau integredig
 - Mae archwilio cadarn yn enwedig drwy heriau gwasanaeth a gwrando ar farn pobl gan danseilio'r rhaglen moderneiddio
 - Ymrwymiad cryf a blaen gynllunio o ran yr iaith Gymraeg
 - Mae perfformiad y gwasanaeth yn gryf
- 4.3. Mae nifer o feysydd penodol i'w gwella wedi cael eu nodi yn yr adroddiad AGGCC. Bydd cynnydd y cyngor mewn perthynas â'r rhain yn cael eu trafod yn ystod cyfarfodydd ymgysylltu rheolaidd rhwng yr Uwch Dîm Rheoli a'r AGGCC yn ystod y flwyddyn sydd i ddod. Y meysydd ar gyfer camau dilynol gan AGGCC y flwyddyn nesaf yw:
- Effaith newidiadau i'r isadeiledd POVA (Amddiffyn Oedolion Diamddiffyn)
 - Sefydlu dull ymchwil trylwyr i ddal ac ymateb i farn plant, pobl ifanc a'u teuluoedd
 - Gwella ansawdd y ddarpariaeth a'r canlyniadau ar gyfer plant sy'n derbyn gofal
- 4.4. Mae Atodiad II yn rhoi trosolwg o'r meysydd a nodir ar gyfer gwella yn y gwerthusiad perfformiad. Mae hefyd yn cynnwys gwybodaeth am sut mae'r cyngor yn ymateb i'r meysydd a nodwyd ar gyfer gwella.
- 4.5. Mae'r ardaloedd y nodwyd fel bod angen gwelliant yn unol â hunanasesiad y Cyfarwyddwr ac wedi cael eu hymgorffori yn y Cynlluniau Busnes Gwasanaeth ar gyfer 2014-15. Mae'r cynlluniau hyn yn cael eu monitro yn ffurfiol bob chwarter gan y gwasanaethau, ac adroddir llawer o elfennau ddwywaith y flwyddyn i'r Pwyllgor Archwilio Perfformiad a'r Cabinet gan eu bod yn ffurfio rhan o'r Cynllun Corfforaethol. Hefyd, mae gan bob gwasanaeth Her Perfformiad Gwasanaeth blynyddol sy'n archwilio cynnydd yn erbyn Cynlluniau Busnes Gwasanaethau.
- 4.6. Gwnaed cynnydd sylweddol yn erbyn y meysydd i'w gwella a amlygwyd yn yr adroddiad gwerthuso perfformiad 2011-12. Fodd bynnag, cydnabyddir nad yw cynnydd wedi bod mor sylweddol ag y rhagwelwyd mewn perthynas â pherfformiad sy'n ymwneud â phlant sy'n derbyn gofal. Mae'n bwysig tynnu sylw at y gwelliannau sylweddol sydd wedi cael eu gwneud ers yr arolygiad gyda 100% o lwyddiant mewn meysydd allweddol.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

- 5.1. Roedd yr arolygiad yn rhoi safbwynt allanol o effeithiolrwydd y Cyngor o ran amddiffyn pobl ddi-amddiffyn a hyrwyddo eu hannibyniaeth (un o'r blaenoriaethau yn ein Cynllun Corfforaethol). Mae'r gwerthusiad hefyd yn darparu persbectif ar raglenni ar gyfer moderneiddio ac addasu gwasanaethau gofal cymdeithasol.

6. Faint fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

- 6.1. Mae ymateb y Gwasanaeth i gyflawni camau gwella wedi cael eu hintegreiddio yn y Cynlluniau Busnes Gwasanaeth ar gyfer 2014/2015 a 2015/16. Bydd darparu'r cynlluniau hyn yn cael ei reoli o fewn yr adnoddau ariannol presennol.

7. Beth yw prif gasgliadau'r Asesiad o Effaith ar Gydraddoldeb (AEC) a gynhaliwyd ar y penderfyniad? Dylai'r templed AEC wedi'i lenwi gael ei atodi fel atodiad i'r adroddiad.

- 7.1. Nid oes angen Asesiad o'r Effaith ar Gydraddoldeb (AEC) oherwydd nid yw'r adroddiad hwn yn gofyn am benderfyniad a fydd yn arwain at unrhyw newid ar gyfer staff neu'r gymuned ehangach. Bydd AEC yn cael ei wneud ar flaenoriaethau unigol os ydynt angen i brosiectau ddechrau a/neu i benderfyniadau gael eu gwneud.

8. Pa ymgynghoriadau sydd wedi eu cynnal gyda'r Pwyllgor Archwilio ac eraill?

- 8.1. Mae cyfarfodydd ymgysylltu yn cael eu cynnal gyda'r Uwch Dîm Rheoli ar gyfer Gwasanaethau Cymdeithasol ac AGGCC sy'n helpu i lywio'r gwerthusiad yn ogystal ag asesu cynnydd wrth gyflawni gwelliant. Mae'r AGGCC hefyd yn mynychu ac yn cyfrannu'n weithredol at yr Her Perfformiad Gwasanaeth ar gyfer y ddau wasanaeth.

9. Datganiad y Prif Swyddog Cyllid

- 9.1. Mae camau i ymateb i'r camau gwella wedi cael eu hintegreiddio i mewn i'r Cynlluniau Busnes Gwasanaeth ar gyfer 2014-16 ac nid oes angen unrhyw adnoddau ychwanegol i'w darparu.

10. Pa risgiau sydd yna, ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

- 10.1. "Mae'r risg o adroddiadau negyddol gan reolyddion allanol" yn risg sydd wedi ei nodi ar y Cofrestr Risg Corfforaethol. Ar y cyfan, mae hwn yn adroddiad cadarnhaol iawn, ond bydd angen i'r cyngor i ymateb yn gadarnhaol i'r materion a godwyd yn yr adroddiad er mwyn sicrhau bod adroddiad 2014-15 yn parhau i fod yn gadarnhaol.

11. Pŵer i wneud y Penderfyniad

- 11.1. Adran 3 Deddf Llywodraeth Leol 1999 - Dyletswydd Gwerth Gorau i sicrhau gwelliannau parhaus.
- 11.2. Adran 7 Deddf Gwasanaethau Cymdeithasol Awdurdodau Lleol 1970 - dyletswydd i sicrhau gwelliant parhaus wrth ddarparu gwasanaethau.
- 11.3. Mesur Llywodraeth Leol (Cymru) 2009 - dyletswydd i sicrhau gwelliant parhaus wrth ddarparu gwasanaethau.

APPENDIX 1: CSSIW: Areas for Improvement – 2013/14 Evaluation Report

| Service | Area for Improvement | Action / Progress |
|--|--|--|
| <p>Adult & Business Services</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 21</p> | <p>Evaluating the quality of life and outcomes for people with learning disabilities living in the many supported living services.</p> | <p>Person Centred Planning (PCP) reviews are undertaken with service users across all settings within the learning disability service, including the individuals living in supported houses / community living. On an annual basis the findings from these reviews are summarised under the headings: what's working / what's not working / what's important for the future. These findings are evaluated and consideration is then given at the PCP Steering Group to how best to respond to some of the findings. In the past this has resulted in development of new services, learning lessons, and changing the way we deliver support.</p> <p>A social work post has now been established to specifically review the support delivered to individuals within supported living services with particular focus on delivering outcomes for individuals.</p> <p>We are currently reviewing the way in which we monitor and support the supported living arrangements with a view to being more outcome focused. The aim is for individuals to be enabled to progress as far as possible within the limits of their disability. To this end we are reviewing some of the monitoring roles currently in place with a view to becoming less bureaucratic and enabling staff to support individuals to achieve their outcomes.</p> |
| <p>Adult & Business Services</p> | <p>Increasing rates of assessment and support for carers.</p> | <p>Increasing the proportion of carers who are offered an assessment or review of their needs in their own right (from 89.4% in 2013/14) has been identified as a priority for improvement in our Service Plan for 2014/15. Performance for this measure should be at 100%, and we strongly believe that this is mainly a recoding issue (one which we are working to address). Some progress has been made, with the Quarter 2 figure standing at 91.5%, but further improvement is needed. This issue was discussed again in our Team Performance Challenge meetings in September 2014, and the following actions were agreed:</p> <ol style="list-style-type: none"> 1. Team Managers to remind officers to check this element of PARIS before they authorise an assessment. 2. The MIS Team is now running monthly exceptions reports to identify which assessments need to be checked to see whether the offer has been accurately recorded on PARIS. |

| | | |
|--|---|--|
| | | <p>The % of carers who <u>had</u> an assessment or review of their needs in their own right has increased from 27% last year to 32% at Quarter 2 this year. If we exclude those who declined the offer of an assessment, the percentage increases to 83.5%, although it is again acknowledged that this still leaves room for improvement. The number of careers receiving an assessment increased from 230 at Q2 last year to 278 at Q2 this year (and increase of 21%).</p> <p>The % of carers who were assessed or reassessed who were provided with a service currently stands at 98.9% (at Quarter 2), and the number of carers provided with a service has increased from 196 at Q2 last year to 275 at Q2 this year (an increase of more than 40%).</p> |
| <p>Adult & Business Services</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 22</p> | <p>Following changes to leadership ensure that the PoVA process is operated in a timely, consistent and authoritative manner across the authority.</p> <p>Measuring the timeliness and consistency of the safeguarding approach across the authority in view of the recent introduction of local leadership for some POVA referrals.</p> <p>Impact of changes to staffing infrastructure for POVA in order to ensure that the safeguarding process is operated in a timely, consistent, authoritative manner across the authority</p> | <p>Monthly meetings are being held with locality Designated Lead Managers (i.e. team managers and senior practitioners) to discuss the role, share good practice and problem solve.</p> <p>A meeting has been arranged for 29/1/15 to discuss the content of the POVA level 6 training in order to target the areas identified via the POVA audits, and by the team managers and senior practitioners themselves.</p> <p>An audit of a sample of POVA cases is carried out on a quarterly basis to monitor compliance with the Wales Interim Policy and Procedure and ensure consistency of approach. Actions identified via audit are monitored via the monthly meetings with locality DLMs.</p> |

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| <p>Adult & Business Services</p> | <p>Increase the opportunities for people to use direct payments.</p> | <p>This is an again an area that has been identified as a priority for improvement by the service. A Commissioning Officer is currently developing an action plan to improve take-up of Direct Payments, Individual Service Funds etc., which will be brought to ABSLT for discussion before being adopted and implemented.</p> |
| <p>Children & Family Services</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Tudalen 23</p> | <p>Defining a clear strategy and research process for listening to and capturing the experiences and outcomes for children and young people, especially around the recently re-shaped early intervention and children and families support services and in services to looked after children.</p> <p>Information provided by the council could be further enhanced through the use of mobile technology such as apps and with the preparation and publication of easy-read on-line versions being so that they are accessible to children but also to those who find reading difficult.</p> | <p>Early conversations have taken place with Glyndwr university with a view to strengthening the social care students research base (core business for the university but working in partnership with social care to maximise learning and development for both organisations). Consideration will be given to the potential for Denbighshire to become an established research organisation and support will be sought from the university to assist with key evaluation activities.</p> <p>It is also the intention to work closely, and reach an agreement with, Public Health Wales to integrate intelligence approaches within each organisation.</p> <p>A new project has been established in the service that is looking at how to improve the engagement of children, young people and families in our service delivery and how we can improve our processes for capturing, hearing and responding to their voice. Children, young people and families will be actively involved in this project and there will be an increased use of mobile technology and social media in our approach to engagement and involvement. This project is also linking very closely with a task group that has been set up by the Local Safeguarding Children's Board (LSCB) that is looking at strengthening the voice of children and young people in safeguarding processes and activities.</p> <p>The outcomes framework pilot will compliment this well with regards to a different conversation with children and families that is focussed on the identification and achievement of personal outcomes.</p> |
| <p>Children & Family Services</p> | <p>Being clear about the type of services families are signposted to if they do not meet the assessment threshold in order to access the Children and Family</p> | <p>Team Around the Family and the wider Families First programme is our primary source of support for those families that do not meet the threshold for the Service and there is a clear pathway for families in accordance with their fluctuating needs with a strong focus on supporting families to be independent and resilient and thus not dependent on statutory services.</p> <p>The new Children and Family Support Gateway is a key development that covers the</p> |

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| | Service (only 10% of all assessed meet the threshold). | spectrum of need from information and advice through to child protection and children in care. The Gateway's further development will include improved signposting to Family Information Service and under the new Social Services and Wellbeing Act (2014) will become the Information, Advice and Assistance response which will automatically develop a more comprehensive knowledge base about the range of services. |
| Tudalen 24 | <p>Children & Family Services</p> <p>Evaluating the new intervention methods used and assessing the impact upon the quality of life for children and their families Outcomes for looked after children, in particular placement stability, access to primary health care and educational and employment opportunities.</p> <p>Increase the council's support to looked after children through employment and apprenticeship opportunities and information on rights and entitlements.</p> <p>Health, dental and educational outcomes for looked after children.</p> | <p>New arrangements have been put in place to increase the completion of health assessments and registration with health practitioners with the appointment of a full time nurse specifically for looked after children (LAC). The LAC nurse post had greatly assisted with the health checks aspect, as this post was less focussed on process and more focussed on improving outcomes for individual children. Performance improvements are now starting to show.</p> <p>The focus on personal education plans has seen an improvement in performance up to 100%.</p> <p>The pilot of the national outcomes framework will help to identify more personal outcomes for children in these areas and will be incorporated into practice.</p> <p>The focus of attention will now be on monitoring the effectiveness of the new arrangements and for ensuring there are robust arrangements in place within Health and Education in order to ensure that there the service is not solely reliant on one or two dedicated post holders.</p> <p>The availability of employment and apprenticeship opportunities across the Council/ County are explored as and when young people require placements and the 14+ team report that there is positive engagement from the range of Council services in providing options. Avenues and opportunities are continually explored through the Corporate Parenting Forum.</p> <p>A review of the impact of the waking hours family support service is to be undertaken as a priority in the 2015/16 business plan.</p> |
| | Children & Family Services | Improving placement stability for looked children. |
| | | Performance is monitored through an internal panel mechanism and we have sought to enhance that further to minimise placement moves that are not in line with the child's plan. The indicator is regularly monitored through the year to ensure we respond in a timely way to concerns. This is constantly monitored and the service will continue to provide narrative on planned and positive moves for young people and will continue to train foster |

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| | | <p>carers so that a range of placements can be offered. Placement support meetings are held following placement disruptions and feedback on all placements are monitored through the quality assurance framework in order to ensure all learning is gleaned and acted upon.</p> <p>A project is underway to expand the range of foster care placements that are available for looked after children with disabilities who require short break placements. The progress of the project is being monitored through the Disability Services Transformation Programme.</p> |
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Mae tudalen hwn yn fwriadol wag

Performance Evaluation Report 2013–14

Denbighshire County Council
Social Services

This report sets out the key areas of progress and areas for improvement in Denbighshire County Council Social Services for the year 2013–14

Annual Review and Evaluation of Performance 2013-14

Local Authority: Denbighshire County Council

This report sets out the key areas of progress and areas for improvement in Denbighshire County Council Social Services for the year 2013-14

Summary

The council has set out a five year plan to modernise its services. In social services this will involve a transformation, not just of the pattern of social care services, but also in the shape of the workforce employed to provide care and support. The council believe that this cultural change will help it to prepare for implementation the Social Services and Wellbeing (Wales) Act 2014 and the delivery of sustainable social services in the future

Significant, planned, staffing changes within the department took place during the year. These included changes at leadership level through the appointment of a new Director of Social Services, and in the re-structuring of staffing teams for many services delivered to children and adults.

The director's report acknowledges the substantial demographic changes faced by the council and considers their implications for the development of social care services within an uncertain financial climate. In doing so there is powerful evidence of a strategic approach taken to meeting these challenges. The council's approach includes a review of existing services; the introduction of innovative models of practice; integrated partnership development; and exploration of the potential for regional commissioning for some services.

The impact of robust scrutiny particularly through a system of 'service challenges', and by listening to the views of people, underpins the modernising agenda. Progress is underway with the introduction of innovative approaches to support the emotional well-being of younger and older adults, integrated project work with BCUHB, and early intervention for children and families.

The director's report demonstrates commitment, creativity and pragmatism in its response to 'More Than Just Words/Mwy Na Geiriau', with clear evidence of forward planning designed to heighten awareness and take-up of the welsh language, and to increase the accessibility of social services in the language of need.

Overall, the performance during the year of the council's social care department is strong. The introduction in 2013-14 of new models of working for both children's and adult services will need rigorous evaluation throughout the forthcoming year. The council's approach to looked after children requires strategic focus to ensure that the experiences and outcomes for the children and young people concerned can be improved.

Response to last year's areas of development

The council put in place strategies to improve performance areas identified in CSSIW's 2012-13 report.

| Area for improvement identified in 2012-13 | Progress in 2013-14 |
|--|--|
| Establishing clear measurable outcomes to assist with the evaluation of existing and proposed services | Several new services introduced. Robust evaluation strategies yet to be deployed which can effectively capture outcomes, especially for children and families. |
| Assessment and support to carers | Some progress made through commissioning arrangements with third sector agencies and the development work leading to a North Wales Carers Information and Consultation Strategy. |
| Performance in relation to looked after children | Emerging progress but much still to do. |
| Staff sickness levels | Initial progress through introduction of methods designed to lead to a decrease in sickness levels. |
| Partnership working with BCUHB | Improving, with specific partnership practices and programmes jointly introduced with BCUHB. |
| Deprivation of Liberty Safeguards | Early signs of progress by enabling a small cohort of staff able to undertake training to enable them to undertake DoLS assessments in 2014-15. |

Areas for follow up by CSSIW next year

Areas for improvement have been identified within the body of this report and progress in relation to these will be monitored during scheduled engagement meetings. Priority areas are outlined below.

- Impact of changes to staffing infrastructure for POVA in order to ensure that the safeguarding process is operated in a timely, consistent, authoritative manner across the authority.
- Establishing a rigorous research process for listening to and capturing the experiences and outcomes for children, young people and their families. This should focus in particular on the re-shaped early intervention and children and families support services and in services for looked after children.

- Improving the quality of provision and outcomes for looked after children.

CSSIW visits during the year

CSSIW completed a full programme of regulatory inspections in Denbighshire. CSSIW also contributed significantly to safeguarding meetings for both children and adults and to escalating concerns meetings relating to adult care homes.

The CSSIW Inspection of the council's adoption services was undertaken in November 2013. CSSIW's inspection of Fostering Services was carried out in January 2014. The council was also included in the national inspection of safeguarding and care planning of looked after children and care leavers, who exhibit vulnerable or risky behaviours ('looked after children inspection') and completed a self evaluation as part of the national review of commissioning.

Performance

Shaping Services

Adults

The council's modernisation of social services programme focuses upon the development of new initiatives which support independence and enhance well-being. This approach is founded upon forecasts of the needs of the local population, including projections from national data and market intelligence. It is therefore based upon the best information available. The council is also the host authority for the activities of the North Wales Commissioning 'hub' which is helping to shape the delivery of services and support to adults living in Denbighshire, via improved quality monitoring, regional collaboration, and an evidenced-based approach to commissioning services for those with complex and long term needs.

During 2013-14 the emphasis of the council was to enable people aged sixty five years and over to remain independent. . Networks have been developed to help people with complex needs to remain in their local communities. Some examples include the delivery of targeted programmes designed to help meet the emotional well-being of older adults such as the 'Men's Sheds' and University of the Third Age both designed to prevent social isolation, encourage sharing of skills and interests, and to identify specific areas of help and support. There is also a volunteer scheme known as 'Age Awareness and Dignity in Care' recruiting older people to train practitioners working in the health and social care professions and also councillors within Denbighshire.

The introduction in 2013-14 of a new collaborative project with BCUHB designed to give a Single Point of Access (SPOA) to health and social enquiries was delayed, but subsequently started in June 2014.

The council provides evidence of consulting and listening to the views of those adults and their families receiving support to meet long term care and sometimes complex

needs. There was an improvement in performance in relation to the numbers of reviews of care plans carried out, although demand for reviews also increased. In 2013-14 the council introduced a rota of visits to eight council services by elected members in which they spoke to users of these services and the staff supporting them, before submitting a report which is shared with the service and an action plan developed to address any action deemed appropriate.

There are an increasing number of people with learning disabilities living in Denbighshire for whom services are largely delivered by several independent sector providers in the county. There are also a relatively large number of older people with learning disabilities living in the county. The move toward providing supported living arrangements (and also in intensive support packages for individuals with very complex needs), may also include the provision of services to many people with autistic spectrum conditions. This range of need has implications for the council. It will need to accurately assess and evaluate the quality of life for people living in these services so that it can be confident that the specific needs of individuals are being met.

Children

The early intervention model developed and implemented by the council in 2013-14 for vulnerable children and their families reflects a determined and defined approach underpinned by a theoretical model. Children and their families are supported at times of day where their need for support is highest, i.e. early morning and evenings, by the Team around the Family (TAF) service. The objective is to anticipate and prevent crisis situations, and so avoid stepping-up to Children and Families services. TAF is part of the Families First programme and 186 families were being served through this service in 2013-14, of which 137 were new referrals. The reshaped Families First delivery model is being further tuned in response to feedback from families and stakeholders. The council has worked over the past year to empower and skill-up parents of children in need (and their families) so as to prevent admissions of children into care.

Denbighshire council has therefore been able to demonstrate innovation in shaping those parts of its services to children relating to early intervention and to support for disabled children. The council is also striving to implement an integrated approach to family support.

Following a review of services for disabled children, the waiting list for occupational therapy was reduced and then removed completely. The council has appointed a full-time transitions and independence coordinator.

The council has introduced new posts in services for looked after children and also worked with Barnardos to reshape their work with young people in preparation for their transition to adulthood from the age of 14.

Through the implementation of evidence based tools and in partnership with health visitors amongst others, there have been performance improvements in

safeguarding processes for looked after children 94% of reviews and 89% of statutory visits which were held on time. Although hampered by difficulty in recruiting to posts, the council is meeting timescales in relation to children on the child protection register, with 100% of child protection reviews held on time.

Areas of Progress

- Creative programmes established to meet the emotional well-being of older adults and the adult male population. Early consolidation of the practice-based team approach to early intervention model vulnerable children and their families.
- Implementation of innovative schemes to support the emotional well-being of younger and older adults.
- Use of consultation with adults and their families to feed into the design of services and quality of life for adults especially those with long-term and complex needs.

Areas for Improvement

- Evaluating the quality of life and outcomes for people with learning disabilities living in the many supported living services.
- Defining a clear strategy and research process for listening to and capturing the experiences and outcomes for children and young people, especially around the recently re-shaped early intervention and children and families support services and in services to looked after children.

Getting Help

Adults

The council strives to find ways in which to improve the accessibility of information and advice to adults living in the county and engages with a range of stakeholders in order to do so. This includes the council's focus on the provision of preventative and reablement services which has been advanced through creative partnership work with BCUHB.

For example, following the publication of a joint statement of intent with Betsi Cadwaladr University Health Board, social care and health practitioners are working together more closely to provide assessment and support for people at risk of deteriorating health. This includes support for those with complex needs and their families. The planned introduction of the single point of access is a consequence of this work.

In 2013-14 the council began limited weekend working with BCUHB, including the provision of a social worker and health and social care support workers to deliver initial packages of care to people leaving hospital, so that discharge can be achieved in a smooth and timely manner. The success of this and other initiatives is confirmed

by the relatively low rate of delayed transfers of care for social care reasons in Denbighshire (0.5% per 1000 of population compared to a Welsh average of 4.7%). The council and BCUHB also entered into a formal partnership to employ a group of part time staff known as Health and Social Care Support Workers.

In the drive to enable older persons to retain or regain their independence the council's intake and reablement service worked with 379 people during 2013-14, of which 296 were supported to return to their own homes from hospital. Consultation with recipients of the intake and reablement service took place by the council, with user-responses being generally very positive.

Working with other agencies has helped the council to focus their services where most needed. The Integrated Community Equipment Service is delivered through partnership with BCUHB and provides a range of equipment. In 2013-14 it helped 1,923 people to live safely at home. This represents a 10% increase compared to last year.

In 2013-14 the council introduced one-off funding to develop support for parents of older people with Learning Disabilities; support for carers of people with dementia (including home -based support); and additional support for carers following assessment. In 2013-14 there was a small increase in carers offered an assessment or review; and also in the in actual assessment or review. The council will need to be mindful that Social Services and Wellbeing Wales Act (2014) strengthen carer's rights and place duties upon the council to meet their assessed needs.

At a strategic level, the council is involved in the North Wales Carers Strategic Group in developing a North Wales Carers Information and Consultation Strategy, with the aim that this will enhance the approach taken to the assessment of the needs and support provided to carers. The council has also commissioned arrangements with six third sector agencies to provide carers support.

Children

The council provides accessible information about the care and support services provided to children and their families in Denbighshire through key areas such as its early intervention service. The introduction of locally based practice teams (and seven day per week intensive service provided by the Family Support Team) enables good access to practitioners by children and their families. The First Contact Team was re-named the Children and Families Support Gateway and it provides a valuable source of information, advice, support and activities for children, families and young carers. The council website provides concise information relating to children, young people and families, looked after children, fostering and adoption. This information could be further enhanced through the use of mobile technology such as phone apps and easy-read versions so that information is accessible to those of all ages who find reading the Welsh or English Language difficult. Overall, the council monitors and provides information demonstrating an improving trend in the performance of its children and families services. Despite a slight

increase in overall referrals received there was a small reduction of 23 in referrals to the Children and Family Service in 2013-14 when compared to 2012-13 (799 to 766 respectively). Re-referrals decreased during the year (19% in 2012-13 to 17% in 2013-14). This reduction may demonstrate the effectiveness of the re-shaped assessment and intervention process. However, the pathway and outcomes for people who do not meet the threshold for care and support from social services is unclear.

The council has a protocol in place between social services, education and families first services to promote the identification and referral for assessment and access to services for young carers. During the year the council, along with BCUHB and two other North Wales authorities, have been exploring the development of a sub-regional young carers' service. Following a tender process, the new service started on 1st April 2014.

Twice weekly meetings are held with other agencies including the Police, Education and Health to consider referrals so that the most appropriate agency supports and works with children and their families.

There was a significant decrease in the number of qualifications obtained by children who are looked after during the year, suggesting that the educational process is not serving some young people well in helping them to prepare for adult life. This may in part be addressed by the welcome introduction during the year of a designated full-time Education Liaison officer for looked after children, who is redesigning and introducing an up-to-date Personal Education Plan. The social services department commissioned Barnardos to provide a dedicated personal advisor to care leavers. The impact of these developments needs to be closely monitored by the council.

Outcomes for care leavers interviewed in Denbighshire were considered as part of CSSIW's looked after children inspection. It was reported that care leavers identified frustration with the lack of information available to them about their rights and entitlements - particularly in relation to housing and financial support and also that the council was not providing occupational opportunities for care leavers to attain economic independence.

The council can demonstrate a focus upon looked after children who are vulnerable to sexual exploitation and it has strengthened relationships with North Wales Police. Denbighshire is the sole local authority in Wales participating in the NSPCC review of emotional well-being of looked after children. In October 2013 the council implemented the revised Public Law Outline (PLO) protocol which will affect the process and timeliness of all public law family proceedings.

Area of Progress

- Social care and health practitioners are working together more closely to provide assessment and support for people at risk of deteriorating health, including those with complex needs and their families.

- The council began limited weekend working with BCUHB, including the provision of a social worker and also health and social care support workers, to deliver initial packages of care to people leaving hospital.

Areas for Improvement

- Increasing rates of assessment and support for carers.
- Information provided by the council could be further enhanced through the use of mobile technology such as apps and with the preparation and publication of easy-read on-line versions being so that they are accessible to children but also to those who find reading difficult.
- Being clear about the type of services families are signposted to if they do not meet the assessment threshold in order to access the Children and Family Service (only 10% of all assessed meet the threshold).
- Increase the council's support to looked after children through employment and apprenticeship opportunities and information on rights and entitlements.

Services Provided

Adults

In 2013-14 the council restructured the social care workforce supporting adults into locality teams, with an increasing role for hands-on social care practitioners. The aim is for the adult social care department to better focus its resources on early intervention, and enabling support, but also respond to those people with longer term support and care needs.

Through citizen-directed planning and support there is increasing emphasis upon personal choice and control and people's opportunities are enhanced through the high level of engagement with other council departments and third sector organisations to make a range of community based services available to people. However, there was little improvement during 2013-14 in terms of numbers of people using direct payments - an option that would enable people to make their own decisions about the packages of care and purchasing aids and adaptations.

The emphasis of the council's approach to those with complex and long term needs continues to be on establishing responsive support, tailored to individual need, and within their own community as far as possible. During the year 94% of individual care plans were reviewed on time.

A corporate safeguarding training programme was established during the year and is due to be rolled out in 2014-15, to ensure that vulnerable people are being safeguarded. The Protection of Vulnerable Adults (PoVA) service received and worked with 87 referrals made on behalf of vulnerable people during the year. Leadership of POVA was extended to locality team managers and in view of this significant change it will be important that the council closely monitors and ensures

that this more localised service is operated in a timely, consistent and authoritative manner across the authority.

The council's award winning Telecare service was delivered to 1,550 people in 2013-14. This enables people to call for help from their own homes in the event of an emergency. There was a small decrease in the numbers of complaints made relating to social care received in 2013-14 compared to the previous year. The complaints received fell broadly within three themes of, concern; communication; engagement; and staff. There is a system in place for the resolution of those complaints which are upheld, and performance in dealing with complaints during the year improved with 97% of stage 1 complaints and 100% of all stage 2 been addressed within timescales.

Children

Overall, the creative approach taken by the council to the implementation of identification, early intervention and preventative models of provision to children and families during 2013-14 has been impressive. The changes to work patterns which took place demonstrate effective leadership by the council and genuine commitment from its staff. Whilst recognising that these are recent changes, it would be beneficial for the council to design a formal process of independent measurement and evaluation of the outcomes achieved, to support continuous improvement.

There was a small increase in the number of children within looked after settings, excluding respite, with 100% of children receiving care plans during their first placement, and completion of permanence plans at second review improved, (75% in 2012-13 to 94% in 2013-14).

The numbers of looked after children who had a health care plan in place continues to place the council's performance amongst the lowest in Wales (38.4% compared to a national average of 81%). To address, this late in 2013-14, the council introduced a new post of full-time designated nurse for looked after children. The council are confident that this post will bring about significant improvement impact and progress. This can be better assessed during 2014-15.

There has been a significant decrease in the average external qualifications/points score (163.9) achieved by 16yr old looked after children. This may be due to the characteristics within the specific cohort for 2013-14. However, this is the lowest rating achieved by the council over the past three years, falls behind the national average (261.5), and so will require rigorous scrutiny during 2014-15.

The percentage of looked after children experiencing one or more changes of school, not simply through age-related changes, increased in 2013-14. Performance also declined in relation to placement stability for looked after children. The council should seek to understand and respond to the background to this decline in performance. It should listen to the experiences of the young people, and establish a clear interdisciplinary and multi-disciplinary plan for improvement.

Areas of progress

- Citizen-directed planning and support and partnerships increasing the range of opportunities and choices for older people.
- Annual review performance of those with long term and complex needs.
- Embedding locally practice teams to provide early intervention and support to children and families during unsocial hours and at time of greatest need.
- Appointment of education liaison officer and increase in the number of children receiving care plans during their first placement and completion of permanence plans at second review.

Areas for Improvement

- Following changes to leadership ensure that the PoVA process is operated in a timely, consistent and authoritative manner across the authority.
- Increase the opportunities for people to use direct payments.
- Evaluating the new intervention methods used and assessing the impact upon the quality of life for children and their families Outcomes for looked after children, in particular placement stability, access to primary health care and educational and employment opportunities.

Effect on Peoples Lives

Adults

The council's focus on early identification and intervention is contributing to improving outcomes for people in that more are being enabled to live independently in their own homes, with fewer needing residential and long term care.

There was an increase in demand for reablement services during the year, with 77% of people not needing further social care services (an increase of 5% from the previous year). Reablement's speedy, personalised and respectful approach in working with people, who have recently left hospital, is viewed as strength by the people who use the service.

Changes have been introduced to the leadership of the safeguarding process whereby locality team managers have become designated lead managers responsible for a managing protection of vulnerable adult cases (POVA). The rationale for the change is to support anticipated increased demand in safeguarding referrals. In 2013-14 there were 87 people referred and responded to under the safeguarding process.

Activity in relation to the Deprivation of Liberty Safeguards remained low during 2013-14, with only 12 referrals being made of which 5 were granted. The council recognise that following the Supreme Court ruling of March 2014, it will need to plan and respond to the challenges presented by the potential increase in number of

applications from 2014 onwards. During 2013-14 the adult social care department supported six members of staff to undertake DoLS training so that they can perform assessments. In 2014-15 the department plan to enable further staff to attend either in-house or external training to build its capacity to undertake assessments and to explore regional collaboration.

Children

The council provides evidence of firm and effective commitment and scrutiny to safeguarding children and child protection which is supported by a solid corporate approach. Ultimately the council is seeking to create a culture of safeguarding throughout its social care services. The assessment and management of risk factors associated with safeguarding and child protection has received significant attention during the year. This is illustrated by shared learning events and the adoption of 'best practice' approaches.

All projects delivered by the social care department are required to complete a safeguarding self-audit tool (whether children, young people and for adults) on an annual basis, and all projects within the Families First programme must ensure that safeguarding arrangements are in place, and reported at regular contract reviews. The number of children on the child protection register slightly decreased during the year (88 in 2012 -13 to 85 in 2013 -14).The council achieved a performance of 99% of initial child protection conferences and 91% of initial core meetings held on time.

Measures introduced in late 2013-14 to address specific areas of health checks and educational planning provide partial evidence of the council's strengthening approach to raising the profile of corporate parenting for looked after children. Partnership work with the third sector to work with young people aged 14 onwards to prepare for adulthood was also introduced. Performance Indicators however, suggest continuing decline in performance in outcomes for care leavers and for young people's transitions within services. This suggests the need for the council to challenge itself in the way it approaches its corporate parenting role so that these areas of decline are halted and addressed.

Areas of progress

- Reablement service outcomes for people.

Areas for improvement

- Measuring the timeliness and consistency of the safeguarding approach across the authority in view of the recent introduction of local leadership for some POVA referrals.
- Health, dental and educational outcomes for looked after children.
- Improving placement stability for looked children.

Capacity

Delivering Social Services

During 2013-14 the council introduced significant changes within the department at leadership level and in staffing infrastructure. To support these changes flexible working times and new staffing practices and roles within local areas were introduced; leading to a heightened focus in providing practical support to children, adults and families at time of the day where their needs was greatest. This is clearly an evolving process and consolidating new staffing structures and practices will inevitably take time.

The council has identified the need to both support and develop the social care workforce and this includes all organisations supporting vulnerable people in Denbighshire. Some progress has been made during 2013-14 and 93% of eligible social services staff received an annual performance appraisal. Ways of reducing staff absence in social services were introduced during the year and the director reported that whilst there was an improving trend identified during the fourth quarter of 2013-14 the reduction of staff absence levels remains a priority.

Further, the council is also working within a challenging and uncertain financial climate, in which the reduction in revenue received across 2013-14 – 2014-15 will total £11.6m. The expenditure on social care per head of population in 2013-14 was the highest in north wales and the 5th highest in Wales. Social services in Denbighshire have the lowest number of staff per population in north wales at 7 per 1000.

A big challenge for social care services in the council will be to ensure the sustainability of its introduction of creative, early intervention and preventative models of service delivery. The evidence to justify the introduction and continued use of such models, as opposed to more traditional approaches, may be difficult to produce in the short term. Therefore it will be essential therefore for the council to develop and introduce a robust research strategy so that it measures, monitors and formally evaluates these new programmes. Baseline data, intervention processes and outcomes for the people it serves should be captured and the learning shared.

The recent widening of the potential application of Deprivation of Liberty Safeguards (DoLS) assessments is very likely to place significant resource implications upon the council, through higher numbers of requests. During 2013-14 DoLS did not feature significantly and the low number of referrals mirrored 2012-13. However, the preparedness of the council to respond to increased demand has, in part, been illustrated by the training provided to six members of staff with the skills to undertake DoLS assessment. However, any DoLS assessments will need to fit into the existing roles of these staff. It is therefore recognised by the council that there is the need to increase DoLS training to staff, to build's its capacity to assess, and reflecting a more general need to mainstream the DoLS throughout the council, social care and health.

Providing direction

Denbighshire is experiencing a changing demography especially in relation to an increasing older population and also rising numbers of people with learning disabilities. The council has sought to address these and the associated budgetary pressures through the introduction of its corporate modernising agenda, by progressively rebalancing its social care workforce, engaging with the public and seeking their views, and by looking to plan and delivery services in often creative ways.

There is clarity and focus in the Director's report which outlines the direction of travel for social care services in the county, including the partnerships established and being developed to help deliver these objectives. Within the council there is keen interest and support from elected members. They play a key role in the exemplary 'service challenge' meetings where they question lead officers about the performance and impact of the council's services.

The council hosts the North Wales Commissioning 'hub' which is shaping the delivery of services and support to adults living in Denbighshire. Senior officers from Denbighshire social services department contribute to the monthly meetings and network activities of the North Wales Social Services Improvement Collaborative (NWSSIC). This body aims to project and enable coordinated improvement in the delivery of collaborative working between the social services departments across the region. Whilst the numbers of people entering residential accommodation has been decreasing, the council has invested in ensuring that people's care plans have been reviewed in a timely manner.

The council's role as a 'corporate parent' of children and young people that it looks after has seen only initial signs of progress during 2013-14, with vacancies within key posts designed to improve the personalisation of educational planning and address health and dental outcomes. These vacancies were filled towards the end of 2013-14 and the impact to date is therefore too early to determine. However, the national thematic inspection of looked after children by CSSIW identified that the outcomes for young people leaving care was a source of concern. Members will need to provide greater support to assure that strategic aims are effectively owned and translated into action across the council services and by partner agencies. This will be needed to ensure appropriate health care, increased educational support and outcomes, and employment or apprenticeships opportunities through the council, for all it's looked after children.

Mae tudalen hwn yn fwriadol wag

Adroddiad i'r: Pwyllgor Llywodraethu Corfforaethol

Dyddiad y Cyfarfod: 28 Ionawr 2015

Aelod/Swyddog Arweiniol: Y Cyngorydd Julian Thompson-Hill/ Paul McGrady

Awdur yr Adroddiad: Richard Weigh, Prif Gyfrifydd

Teitl: Proses Cyllideb 2015/16

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad yn rhoi diweddariad ar y broses i ddarparu'r gyllideb refeniw ar gyfer 2015/16.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

I roi diweddariad am y sefyllfa ddiweddaraf.

3. Beth yw'r Argymhellion?

Ystyried y diweddariad diweddaraf a gwneud sylwadau fel y bo'n briodol.

4. Manylion yr Adroddiad

Ers y diweddariad diwethaf, mae proses y gyllideb wedi symud i'r trydydd cam sy'n canolbwyntio ar gwblhau cyllideb 2015/16 (gweler Atodiad 1 am ddarlun o broses y gyllideb). Bydd y broses yn mynd yn ôl i ystyried cyllideb 2016/17 gyda gweithdai cyllideb wedi eu trefnu ar gyfer aelodau i ganolbwyntio ar gynigion arbed ym mis Chwefror a Mawrth 2015 (bydd hwn yn dod yn Gam 4). Mae'r bwlch a ragwelir yn y gyllideb ar gyfer 2016/17 tua £8.8miliwn. Mae arbedion o £2.7miliwn wedi eu cymeradwyo fel rhan o'r broses bresennol sy'n golygu bod y bwlch sy'n weddill tua £6.1miliwn.

Mae'r tabl o ddigwyddiadau allweddol yn y broses hyd at ddiwedd Mawrth 2015 yn Atodiad 2. Bydd dyddiadau a manylion pellach yn cael eu hychwanegu yn dilyn sesiwn cyllideb a drefnwyd gyda'r UDA ym mis Chwefror a bydd yn cael ei lywio gan y gweithdai cyllideb sydd ar ddod.

Cymeradwywyd adroddiad gan y Cabinet ar 13 Ionawr 2015 a oedd yn nodi argymhellion i gael eu gwneud i gyfarfod y Cyngor ar 3 Chwefror. Mae'r adroddiad llawn a'r atodiadau ynghlwm yn Atodiad 3.

Mae'r adroddiad yn gosod allan y cynigion i gydbwyso cyllideb 2015/16, gan gynnwys codi Treth y Cyngor ar gyfartaledd o 2.75% (y lefel tybiedig yng nghynlluniau cyllideb y Cyngor) a'r defnydd o falansau cyffredinol. Yn dilyn y gweithdy cyllideb i aelodau ym mis Rhagfyr, mae hefyd yn cynnwys argymhelliad ffurfiol i flaenoriaethu cyflawni'r Cynllun Corfforaethol mewn rowndiau cyllideb yn y dyfodol.

5. Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Mae rheolaeth effeithiol o gyllideb y cyngor a chyflawni'r strategaeth gyllidebol a gytunwyd yn sylfaen i weithgareddau ym mhob maes, gan gynnwys blaenoriaethau corfforaethol.

6. Beth fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

Mae'n bosibl y bydd y cyngor angen sicrhau arbedion o tua £17 miliwn dros y ddwy flynedd ariannol nesaf.

7. Beth yw'r prif gasgliadau o'r Asesiad o'r Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad?

Bydd AEaG yn cael ei gwblhau ar gyfer yr holl gynigion perthnasol wrth i'r broses ddatblygu.

8. Pa ymgynghoriadau a gynhaliwyd gydag Archwilio ac eraill?

Roedd yr adroddiad i'r Cyngor ar 9 Rhagfyr yn amlygu'r broses ymgynghori sylweddol. Mae hyn yn cynnwys:

Yn ychwanegol at adroddiadau rheolaidd ar y broses i'r Pwyllgor Llywodraethu Corfforaethol, mae proses y gyllideb wedi'i hystyried gan CET, yr UDA, Briffio'r Cabinet a chyfarfodydd Briffio'r Cyngor. Mae dau o'r cynigion unigol hefyd wedi'u hystyried gan bwyllgorau archwilio - y rhain yw teledu cylch cyfyng (PPP08) a Gwasanaethau Darparu (ABS02). Mae'r cynnig olaf hefyd wedi bod yn destun Grŵp Gorchwyl a Gorffen penodol a sefydlwyd gan y Pwyllgor Craffu Perfformiad i archwilio opsiynau ar gyfer darparu gwasanaethau gofal o ansawdd uchel.

Erbyn diwedd y broses pennu cyllideb 2015/16, bydd yna o leiaf deg gweithdy cyllideb wedi'u cynnal gydag aelodau etholedig er mwyn archwilio cyllidebau gwasanaethau ac ystyried cynigion cyllidebau.

Manylion ynglŷn â phwrpas ac ymatebion i ymarfer ymgysylltu â'r cyhoedd 'Torri'r Brethyn' - cafwyd 822 o ymatebion i'r arolwg a mwy na 5,000 o ymweliadau â'r wefan.

Yn ogystal â'r ymarfer ymgysylltu â'r cyhoedd, mae'r cyngor wedi rhoi gwybod i bob cyngor Tref a Chymuned ynghylch y toriadau arfaethedig ac mae wedi cynnal cyfarfod ar gyfer yr holl gynghorau er mwyn trafod y cynigion. Mae trafodaethau parhaus rhwng rhai o wasanaethau'r cyngor sir a rhai cynghorau tref ynghylch effaith y cynigion ac a fyddai'r cynghorau tref yn ystyried ariannu rhai o'r gweithgareddau os gwneir y toriadau ai peidio. Mae'r trafodaethau hyn yn mynd rhagddynt.

Mae'r cyngor wedi ymgynghori â'i bartneriaid, trwy'r Bwrdd Gwasanaethau Lleol ar y Cyd, a bu cyfarfod rhwng cydweithwyr o'r Heddlu ac uwch swyddogion y cyngor i ddechrau edrych ar ddewisiadau eraill posibl i'r toriad

yn y ddarpariaeth teledu cylch cyfyng, os caiff ei wneud. Bydd y trafodaethau hyn yn parhau os bydd y cynigion yn datblygu'n benderfyniadau.

Mae pob aelod o staff wedi cael gwybod am y broses o bennu'r gyllideb a, lle bydd cynigion yn dod yn benderfyniadau, ymgynghorir yn llawn â'r staff yr effeithir arnynt, yn unol â pholisïau a gweithdrefnau Adnoddau Dynol y Cyngor.

Ymgynghorwyd ag Undebau Llafur drwy'r Cydbwyllgor Ymgynghorol Lleol. Cytunwyd ar broses ar gyfer ymgysylltu â staff a'u cynrychiolwyr Undeb Llafur yn ystod Cydbwyllgor Ymgynghorol Lleol ym mis Medi ac fe gedwir at hyn.

9. Datganiad y Prif Swyddog Cyllid

Bydd hon yn broses heriol iawn gyda rhai penderfyniadau anodd i'w gwneud ar hyd y ffordd. Mae ymrwymiad a chefnogaeth aelodau etholedig yn y broses o wneud penderfyniadau ac archwilio'r broses yn hanfodol.

10. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Dyma'r cyfnod ariannol mwyaf heriol y mae'r cyngor wedi ei wynebu a byddai methu a chyflawni strategaeth gyllideb effeithiol yn rhoi mwy o bwysau ar wasanaethau yn y dyfodol.

Mae tri maes risg penodol wedi eu hamlygu yn y Pwyllgor Llywodraethu Corfforaethol ac mae'r rhain yn cynnwys:

- risgiau o wanhau neu gael gwared ar reolaethau wrth i adnoddau leihau, gan arwain o bosibl at fwy o risg Llywodraethu;
- y risgiau o fethu gwireddu arbedion ariannol yn 2016/17 o ganlyniad i beidio â gwneud penderfyniadau rŵan; a
- risgiau arloesi fel risgiau i gaffael pethau'n allanol a mewnol, os nad yw amodau a thelerau contractau ymlaen llaw, agweddau cychwynnol o reoli contractau yn cael eu rheoli'n iawn.

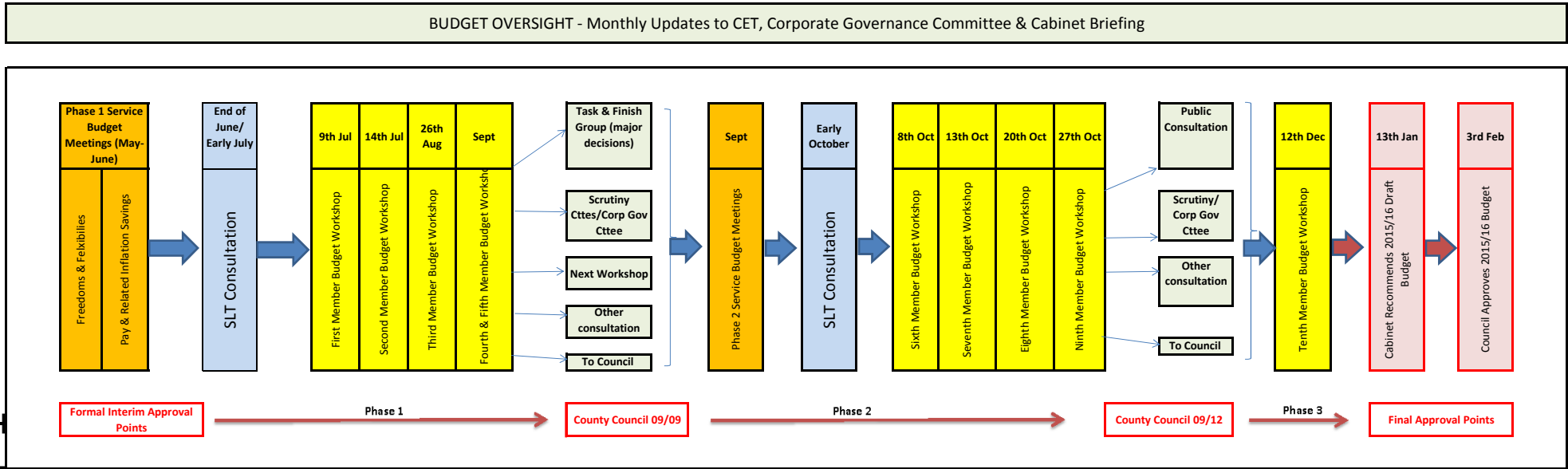
Cyflwynwyd risgiau posibl o amgylch gweithredu arbedion gyda'r cynigion wrth iddynt gael eu datblygu. Fodd bynnag, er mwyn sicrhau bod yr ystyriaeth hon yn gadarn ac yn cael ei hasesu'n iawn, mae sesiwn arbennig i UDA y cyngor wedi cael ei drefnu ar gyfer 5 Chwefror i ganolbwyntio ar gyflwyno cynigion arbedion ac i ystyried a rheoli'r risgiau posibl sy'n deillio o'r broses. Bydd canlyniad y sesiwn hon yn helpu i benderfynu gweithredu yn y dyfodol, gan gynnwys er enghraifft, cofnodi mewn cofrestrau risg corfforaethol neu wasanaeth, creu prosiectau ffurfiol (yn dilyn methodoleg rheoli prosiect a ragnodwyd), adroddiadau pellach i'r pwyllgor archwilio neu Lywodraethu Corfforaethol, adolygiad archwilio, ac ati.

11. Pŵer i wneud y Penderfyniad

Mae'n ofynnol i awdurdodau lleol o dan Adran 151, Deddf Llywodraeth Leol

1972 wneud trefniadau ar gyfer gweinyddu eu materion ariannol yn briodol.

BUDGET PROCESS 2015/16



Mae tudalen hwn yn fwiadol wag

Appendix 2 Table 1 Key Events

| Key Events | Dates | Status |
|--|--|---------------------|
| Corporate Governance Committee | 15th April 2014 | Completed |
| Council Briefing | 28th April | Completed |
| First Round of Budget Meetings with Services | 7th May – 4th Aug | Completed |
| Update to Cabinet Briefing | 12th May | Completed |
| CET Review of Process | 19th May | Completed |
| Update to Corporate Governance Committee | 21st May | Completed |
| Update to Cabinet Briefing | 2nd June | Completed |
| Update to Corporate Governance Committee | 2nd July | Completed |
| Update SLT | 3rd July | Completed |
| Update to Cabinet Briefing | 7th July | Completed |
| First Member Budget Workshop <ul style="list-style-type: none"> • Highways & Environment (part 1) • Communication, Marketing & Leisure | 9th July | Completed |
| Second Member Budget Workshop <ul style="list-style-type: none"> • Education/Schools • Customers & Education Support • Finance & Assets • Corporate Budgets | 14th July | Completed |
| Third Member Budget Workshop <ul style="list-style-type: none"> • Highways & Environment (part 2) • Business Improvement & Modernisation • Legal & Democratic Services • HR | 26th August | Completed |
| Extra Workshop If Needed | 28th August | Not required |
| Fourth Member Budget Workshop <ul style="list-style-type: none"> • Adults & Business Services • Children & Family Services • Communication, Marketing & Leisure (Youth Services) • Planning & Public Protection | 2nd September | Completed |
| Update to Corporate Governance Committee | 3rd September | Completed |
| County Council | 9th September | Completed |
| Fifth Member Budget Workshop <ul style="list-style-type: none"> • Housing & Community Development • Corporate Plan | 22nd September | Completed |

| | | |
|---|----------------------------------|------------------|
| Phase 2 proposals developed by services | September/early October | Completed |
| Update to Cabinet Briefing | 22nd September | Completed |
| Update SLT | 2nd October | Completed |
| Update to Cabinet Briefing | 6th October | Completed |
| Sixth Member Budget Workshop <ul style="list-style-type: none"> • Communication, Marketing & Leisure • Schools/School Improvement • School Support • Customers/Education Support | 8th October | Completed |
| Seventh Member Budget Workshop <ul style="list-style-type: none"> • Highways & Environment | 13th October | Completed |
| Eighth Member Budget Workshop <ul style="list-style-type: none"> • Planning & Public Protection (CCTV) • Children & Family Services • Adults & Business Services | 20th October | Completed |
| Ninth Member Budget Workshop <ul style="list-style-type: none"> • Finance & Assets • Legal, HR and Democratic Services • Economic & Business Development | 27th October | Completed |
| Update to Cabinet Briefing | 3rd November | Completed |
| Update to Corporate Governance Committee | 5th November | Completed |
| Update to Cabinet Briefing | 8th December | Completed |
| County Council | 9th December | Completed |
| Tenth Member Budget Workshop <ul style="list-style-type: none"> • Public toilets • Reserves • Balances • Council Tax | 12th December | Completed |
| Update to Corporate Governance Committee | 17th December | Completed |
| Update to Cabinet Briefing | 6th January | Completed |
| Cabinet | 13th January | Completed |
| Update to Corporate Governance Committee | 29th January | Scheduled |
| Update to Cabinet Briefing | 2nd February | Scheduled |
| County Council - completes 2015/16 | 3rd February | Scheduled |
| SLT Budget Session (Delivery, Risk Management and Phase 4 savings) | 5th February | Scheduled |
| Eleventh Member Budget Workshop | 23rd February | Scheduled |
| Update to Cabinet Briefing | 2nd March | Scheduled |
| Update to Corporate Governance | 25th March | Scheduled |

| | | |
|---------------------------------------|------------------------------|------------------|
| Committee | | |
| Twelfth Member Budget Workshop | 26th March | Scheduled |

Mae tudalen hwn yn fwriadol wag

Report To: Cabinet

Date of Meeting: 13th January 2015

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget 2015/16 (Final Proposals - Phase 3)

1. What is the report about?

The report outlines the latest budget position and presents the final phase of a programme of budget savings and other measures for recommendation to council in order to deliver the revenue budget for 2015/16. The report includes a proposed level of increase to Council Tax and use of general balances.

2. What is the reason for making this report?

The Council is legally required to set a balanced and deliverable budget before the start of each financial year and to set the resulting level of Council Tax to allow bills to be sent to residents.

To formalise a proposal that emerged from a budget workshop held on 12th December that the delivery of the Corporate Plan takes priority in future budget setting rounds.

3. What are the Recommendations?

That Cabinet supports the budget proposals for 2015/16 as shown in Appendix 1 and recommends accordingly to full Council.

To recommend to Council the resulting Council Tax increased of an average of 2.75% in 2015/16.

To recommend to Council that £500k of general balances are used to support the revenue budget for the next three financial years.

To recommend to Council that the delivery of the Corporate Plan takes priority in future budget setting rounds.

4. Report details

Analysis of Draft Local Government Settlement and the consequences for the council indicated that savings of £8.3m would be required in 2015/16. The saving target included a reduction to the Revenue Support Grant of £5.3m and unavoidable cost pressures of approximately £3m.

The first two phases of the budget process have identified savings of £7.3m for 2015/16' leaving a gap of £1m. This is detailed in Appendix 1. The Final Settlement was received on 10th December and was broadly similar to the Draft but this and a number of other changes impact upon the funding gap and these are:

- The reduction to the Final Settlement is 0.016% lower than the Draft, equating to a benefit of £23k
- Expected reductions to specific grants (PFI and Council Tax Administration Grant) have been confirmed in the Final Settlement and will be pass-ported totalling £63k
- The Council Tax Base for all councils is reassessed using more recent data between the Draft and the Final Settlement. The impact of this reassessment is that the rise in the Base is around 0.65% higher than the forecast which equates to approximately £282k
- The increase to the Fire Service Levy is £51k less than the forecast presented to Council by the Fire Service in September. The Fire Service has made savings and used reserves to limit the increase passed to councils

The four items above contribute £419k to saving requirement for 2015/16.

The local government pay award has recently been agreed as a deal effective from January 2015 to March 2016. The headline increase is 2.2% over the period but staff on grades below Grade 11 will receive a higher increase. The cost of implementing the pay award in 2014/15 is less than had been forecast overall, although it is slightly higher than forecast in 2015/16. Over the two years, calculations to estimate the budgetary impact of funding the pay award mean that it is possible to reduce the overall cost pressure by £54k and this reduction can contribute to lessening the budget gap in 2015/16.

Final budget proposals and the level of Council Tax for 2014/15 will have to be agreed by County Council in February 2015. However, at the tenth budget workshop held on 12th December, those members present expressed views informally that supported an average rise in Council Tax of 2.75%. This is the base planning figure used in the Medium Term Financial Plan.

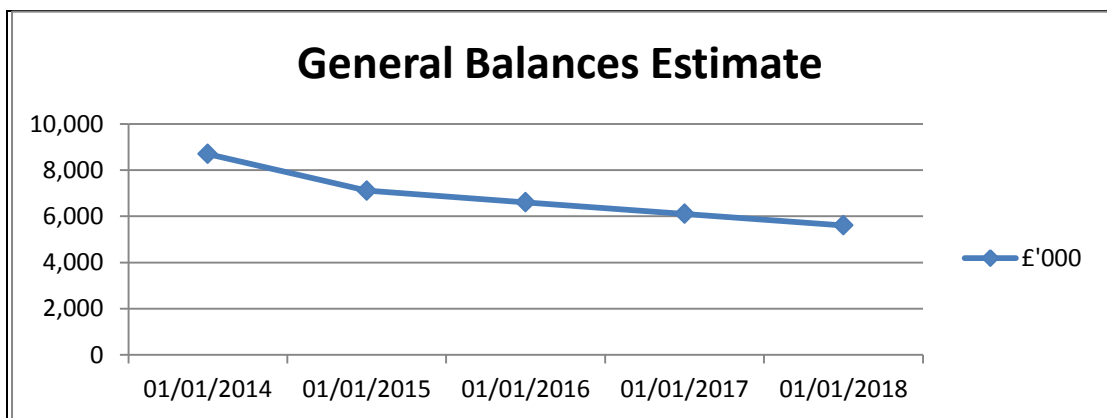
At 2.75%, there is no change to the savings requirement for 2015/16 and with the other proposals in this report, will balance the budget. An increase below 2.75% will result in a further savings requirement and an increase above it will generate additional funding. As the council has to fund the Council Tax Reduction Scheme, approximately 25% of any increase in Council Tax is foregone in reductions provided under the Scheme.

The options and implications were presented at the December workshop in detail and are summarised in Appendix 2.

A further analysis highlighting the impact of this proposal over a range of property bands and income levels is included as Appendix 3.

As part of the 2014/15 budget, it was agreed as a one-off measure to use general balances of £500k to meet the gap in the council's funding requirement. To do this as a one-off would mean that a permanent saving of £500k would have to be found in 2015/16 to bridge this gap. At the December budget workshop, members were presented with an analysis of the council's general balances and a proposal to continue to use £500k to fund the budget for the next three years.

The importance of appropriate levels of balances has been highlighted in recent years with severe weather events as well as an unexpected historic claim from our previous insurance company. In each case the council has been able to respond appropriately in the knowledge that funds are available to pay for any response and subsequent works. With these risks and uncertainties around the future of local government and likely continued reductions to public sector funding, reducing balances further is not the most desirable course of action. However, an assessment of balances in the context of the council's overall revenue budget means that a managed reduction over the next three years is an acceptable approach. The chart below shows the planned reduction in general balances over the next three financial years.



The budget for 2015/16 does not allow for any service specific cost pressures. Inflation has been built into the budget assumptions corporately to include items such as energy, pay and additional employer's pension costs.

Investment in the Corporate Plan is proposed at a level of £500k. The proposed allocation of investment funding for 2015/16 is required to support prudential borrowing and is split as follows:

- Modernising Education/21st Century Schools £400k
- Highways – Road Improvements £100k

The delivery of the Corporate Plan is dependent on both budget and cash resources to facilitate Prudential Borrowing. The current Plan is affordable as long as the resources identified to fund it are available. At the December budget workshop, those members in attendance reiterated a view first expressed when the Corporate Plan was presented at the budget workshop held on 22nd September that the majority present wished to secure delivery of the Plan. The outcome from the December workshop strengthened this view

with a proposal to include a commitment to prioritise the delivery of the Corporate Plan in future budget rounds. In response to this, a formal recommendation is included in this report.

A summary of the Corporate Plan is attached as Appendix 4.

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

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities. The budget proposals contain £500k funding for schools and highways in line with the Corporate Plan and a further proposal to protect the funding required to deliver the Plan.

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

The council may need to deliver savings of approximately £17.1m over the next two financial years. The budget gap for 2015/16 is £8.259m. Savings of £7.286m have been agreed and further proposals in this report total £0.473m. The remainder, £0.5m, will be met from general balances.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An impact assessment exercise, including EqIA was completed for each of the budget saving proposals and was presented to council in September and December. An overall impact assessment was also presented to Council in December.

8. What consultations have been carried out with Scrutiny and others?

There has been significant consultation around the budget process and it has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. There have been ten all-day budget workshops with elected members. Scrutiny committees have reviewed two savings proposals (CCTV and provider services). The Corporate Governance Committee has an oversight role and has received reports to each of its meetings since April. In November, the committee requested further details about two proposals to seek assurance on the transparency of the process.

The report to Council on 9th December outlined in detail the consultation supporting the budget process. This included a detailed analysis of responses to the public engagement exercise. The report also highlighted the following conclusions from the Wales Audit Office following a review of the council's financial planning arrangements:

- The Council has a good track record of delivering identified savings within year against the planned actions that it approved
- The Council's future plans and arrangements to deliver savings are fit for purpose and are being effectively managed

- There are no proposals for improvement or recommendations arising from this review.

In addition to the public engagement exercise, the council had informed all Town and Community councils about the proposed cuts and hosted a meeting for all the councils to discuss and debate the proposals. There are ongoing discussions between some of the county council's services and some Town councils about the impact of the proposals and whether or not the Town councils would consider funding some of the activities if the cuts are made. These discussions are continuing.

The council has consulted its partners, through the joint Local Service Board, and, where requested, attended meetings to clarify the detail behind any of the proposals.

All members of staff have been kept informed about the budget setting process and where proposals become decisions the affected staff will be fully consulted, in accordance with the council's HR policies and procedures.

Trade Unions have been consulted through Local Joint Consultative Committee. A process for engaging with staff and their TU representatives was agreed at LJCC in September and is being adhered to. The same process also offered the Trade Unions an opportunity to make formal comment on budget proposals before they were considered by Council

9. Chief Finance Officer Statement

This continues to be an extremely challenging process with some tough decisions having to be taken. Approval of the proposals in this report will balance the budget for 2015/16 which is a significant achievement. However, work to develop budget proposals for 2016/17 must continue to ensure the estimated savings target of £8.8m is achieved. The budget process has so far identified proposals totalling £2.7m for 2016/17 so there is a significant gap still to fill. Budget workshops have been arranged in February and March to continue the process. The continued engagement and support of elected members and services in the process is crucial.

10. 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 an effective budget strategy will put further pressure on services in future financial years.

11. 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.

Mae tudalen hwn yn fwriadol wag

Appendix 1 Phase 3 Budget Proposals 2015/16
Cabinet January 2015

Proposal to Finalise Revenue Budget 2015/16

| | <u>£'000</u> | <u>£'000</u> |
|--|--------------|---------------|
| Saving Target 2015/16 (Draft Settlement) | | -8,259 |
| Phase 1 Savings | | 3,715 |
| Phase 2 Savings | | 3,571 |
| Sub Total | | -973 |
| Final Settlement & Other Adjustments: | | |
| 1. RSG movement +0.016% | 23 | |
| 2. Increase to Council Tax Base | 282 | |
| 3. Passport Reductions to PFI and Council Tax Reduction Scheme Grants | 63 | |
| 4. Fire Service Levy | 51 | |
| | | 419 |
| Sub Total | | -554 |
| Pay Award Provision (2014/15) | | 54 |
| Sub Total | | -500 |
| Total of Phase 3 Proposals | | 473 |
| Use of Council's General Balances | | 500 |
| Budget Shortfall 2015/16 | | 0 |

Mae tudalen hwn yn fwriadol wag

Appendix 2

Council Tax Analysis

Notes

1. The analysis below shows the additional income that would be raised over a range of Council Tax increases.
2. The 'Base Case' shown is the current planning assumption. Rates below the base will mean more savings will have to be identified.
3. The references to Average Band D and Average Dwelling refer to the total council tax bill including police and community council precepts. The county council element in 2014/15 is £1,112 which represents 81% of the total bill.
4. The average per dwelling gives an indication of the average amount actually paid per dwelling.
5. Denbighshire's Council Tax was the highest in north Wales and sixth highest in Wales in 2014/15.
6. The county council element of the Council Tax bill in Denbighshire is approximately 15% higher than in Conwy.

7. If current planning assumptions for Tax rises are implemented, it is likely Gwynedd's average level of Council Tax at Band D will be higher than Denbighshire's next year.

Tudalen 61

| £'000 | | | | | | | | | | | |
|----------------------|-----------------|-----------------|----------------|-------------------|-------------------|-------------------|---------------------|---------------------|--|---------------|--|
| Yeild 2014/15 | | 42,513 | | Avg Band D | | £1,380 | | Avg Dwelling | | £1,240 | |
| | <u>Increase</u> | <u>Gross</u> | <u>C/Tax</u> | <u>Net</u> | <u>Additional</u> | <u>Avg Band D</u> | <u>Avg Dwelling</u> | | | | |
| | <u>%</u> | <u>£'000</u> | <u>Benefit</u> | <u>£'000</u> | <u>£'000</u> | <u>Annual</u> | <u>Annual</u> | | | | |
| | | | | | | <u>Impact</u> | <u>Impact</u> | | | | |
| | 0.00% | 0 | 0 | 0 | -876.83 | 0 | 0 | | | | |
| | 2.00% | 850.26 | -212.57 | 637.70 | -239.14 | £27.60 | £24.80 | | | | |
| | 2.50% | 1,062.83 | -265.71 | 797.12 | -79.71 | £34.50 | £31.00 | | | | |
| Base Case | 2.75% | 1,169.11 | -292.28 | 876.83 | 0.00 | £37.95 | £34.10 | | | | |
| | 3.00% | 1,275.39 | -318.85 | 956.54 | 79.71 | £41.40 | £37.20 | | | | |
| | 3.50% | 1,487.96 | -371.99 | 1,115.97 | 239.14 | £48.30 | £43.40 | | | | |
| | 4.00% | 1,700.52 | -425.13 | 1,275.39 | 398.56 | £55.20 | £49.60 | | | | |
| | 4.50% | 1,913.09 | -478.27 | 1,434.81 | 557.98 | £62.10 | £55.80 | | | | |
| | 5.00% | 2,125.65 | -531.41 | 1,594.24 | 717.41 | £69.00 | £62.00 | | | | |

Mae tudalen hwn yn fwiadol wag

Appendix 3 - Council Tax Rise Illustrative Examples

| | Band A | | | | Band B | | | | Band C | | | | Band D | | | |
|--|---------------|--------|-------------|----------|---------------|--------|-------------|----------|---------------|--------|-------------|----------|---------------|--------|-------------|----------|
| | Weekly charge | CTR | Ctax to pay | Increase | Weekly charge | CTR | Ctax to pay | Increase | Weekly charge | CTR | Ctax to pay | Increase | Weekly charge | CTR | Ctax to pay | Increase |
| Single aged 23 16 hrs min wage | £13.61 | £5.43 | £8.18 | £0.22 | £15.88 | £7.70 | £8.18 | £0.22 | £18.15 | £9.97 | £8.18 | £0.22 | £20.42 | £12.24 | £8.18 | £0.22 |
| Single over 25 20 hours min wage | £13.61 | £3.23 | £10.38 | £0.14 | £15.88 | £5.50 | £10.38 | £0.14 | £18.15 | £7.77 | £10.38 | £0.14 | £20.42 | £10.04 | £10.38 | £0.14 |
| Lone Parent 1 child WTC 16 hours 126.23 per week | £13.61 | £0.58 | £13.03 | -£0.27 | £15.88 | £2.85 | £13.03 | -£0.27 | £18.15 | £5.12 | £13.03 | -£0.27 | £20.42 | £7.39 | £13.03 | -£0.27 |
| Pensioner SC | £13.61 | £12.36 | £1.25 | £0.15 | £15.88 | £14.63 | £1.25 | £0.15 | £18.15 | £16.90 | £1.25 | £0.15 | £20.42 | £19.17 | £1.25 | £0.15 |
| Pensioner Severely disabled | £13.61 | £0.82 | £12.79 | -£0.01 | £15.88 | £3.09 | £12.79 | -£0.01 | £18.15 | £5.36 | £12.79 | -£0.01 | £20.42 | £7.63 | £12.79 | -£0.01 |

Mae tudalen hwn yn fwiadol wag

Appendix 4

1 Corporate Plan Summary

| Projects | 2012/13 ACTUAL £k | 2013/14 ACTUAL £k | 2014/15 ESTIMATES £k | 2015/16 ESTIMATES £k | 2016/17 ESTIMATES £k | 2017/18 ESTIMATES £k | 2018/19 ESTIMATES £k | Total £k |
|---|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------|
| 21st Century Community Schools (50/50 Split) | | | | | | | | |
| Rhyl High School / Ysgol Tir Morfa | 25 | 1,053 | 5,245 | 16,074 | 1,856 | 333 | 0 | 24,586 |
| Ysgol Glan Clwyd | 0 | 5 | 465 | 4,978 | 9,146 | 1,068 | 238 | 15,900 |
| Bodnant Community School | 0 | 69 | 620 | 2,099 | 562 | 61 | 0 | 3,411 |
| Ysgol Bro Dyfrdwy | 81 | 1,209 | 119 | 0 | 0 | 0 | 0 | 1,413 |
| Total 21st Century Community Schools | 106 | 2,336 | 6,449 | 23,151 | 11,564 | 1,462 | 238 | 45,310 |
| 21st Century Schools - Faith Schools (85/15 Split) | 0 | 13 | 97 | 42 | 5,104 | 11,653 | 6,905 | 23,814 |
| Corporate Plan Potential Projects | | | | | | | | |
| Ruthin Town School | 0 | 0 | 54 | 619 | 5,150 | 3,063 | 0 | 8,886 |
| Clocaenog / Cyffylliog Area School - Ysgol Carreg Emlyn | 0 | 0 | 8 | 380 | 1,066 | 1,338 | 0 | 2,792 |
| Llanfair / Pentrecelyn Area School | 0 | 0 | 11 | 487 | 1,096 | 1,877 | 0 | 3,471 |
| Ysgol Pendref | 0 | 0 | 0 | 156 | 1,167 | 435 | 0 | 1,758 |
| Total Potential Projects | 0 | 0 | 73 | 1,642 | 8,479 | 6,713 | 0 | 16,907 |
| Total Schools Projects | 106 | 2,349 | 6,619 | 24,835 | 25,147 | 19,828 | 7,143 | 86,031 |
| Extra Care | | | | 1,000 | 7,500 | 6,700 | 5,800 | 21,000 |
| Cefndy Health Care Investment | | 59 | 441 | | | | | 500 |
| Highways | | 2,843 | 5,373 | 1,650 | 1,650 | | | 11,516 |
| TOTAL CORPORATE PLAN PROJECTS | 106 | 5,251 | 12,433 | 27,485 | 34,297 | 26,528 | 12,943 | 119,047 |

| Funding | 2012/13 ACTUAL £k | 2013/14 ACTUAL £k | 2014/15 ESTIMATES £k | 2015/16 ESTIMATES £k | 2016/17 ESTIMATES £k | 2017/18 ESTIMATES £k | 2018/19 ESTIMATES £k | Total £k |
|--------------------------------------|-------------------------|-------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------|
| Schools funding | | | | | | | | |
| WG - LGBTI and Grant | | 1,170 | 3,877 | 12,252 | 6,801 | 11,922 | 6,875 | 42,897 |
| Cash Reserves | | 739 | 2,599 | 10,677 | 3,658 | 1,735 | | 19,408 |
| Prudential Borrowing | | | | 1,890 | 14,688 | 5,933 | 268 | 22,779 |
| Capital Receipts - planned | | | | | 0 | 238 | | 238 |
| Capital Receipts - received | | 376 | | | | | | 376 |
| Other funding used | 106 | 64 | 143 | 16 | | | | 333 |
| Total Schools Funding | 106 | 2,349 | 6,619 | 24,835 | 25,147 | 19,828 | 7,143 | 86,031 |
| Extra Care | | | | | | | | |
| Contributions (development partner) | | | | 0 | 4,000 | 5,000 | 5,000 | 14,000 |
| Prudential Borrowing | | | | 0 | 3,000 | 440 | 400 | 3,840 |
| Cash Reserves | | | | 1,000 | 500 | 655 | 400 | 2,555 |
| Capital Receipts | | | | | | 250 | | 250 |
| Other - Grants | | | | | | 355 | | 355 |
| Total Extra Care Funding | | | | 1,000 | 7,500 | 6,700 | 5,800 | 21,000 |
| Cefndy Health Care Investment | | | | | | | | |
| Cash Reserves | | 59 | 441 | | | | | 500 |
| Highways | | | | | | | | |
| WG - LGBTI | | 2,458 | 2,458 | | | | | 4,916 |
| Prudential Borrowing | | 385 | 2,915 | 1,650 | 1,650 | | | 6,600 |
| TOTAL FUNDING REQUIRED | 106 | 5,251 | 12,433 | 27,485 | 34,297 | 26,528 | 12,943 | 119,047 |
| DCC FUNDING ELEMENT | 106 | 1,623 | 6,098 | 15,233 | 23,496 | 9,606 | 1,068 | 57,234 |

2 Revenue Budget Allocations - Actual and Planned

| Programme | 2012/13 £k | 2013/14 £k | 2014/15 £k | Total £k | Balance Remaining £k | Priorities 2015/16 £k | Priorities 2016/17 £k |
|---|---------------|---------------|---------------|--------------|----------------------------|-----------------------------|-----------------------------|
| 21 Century Schools (Priorities Budget Allocation) | 200 | 200 | 611 | 1,011 | 1,011 | 400 | 150 |
| Contribution from School Modernisation Programme | | 157 | | 157 | 157 | | |
| Highways (Priorities Budget Allocation) | 100 | 100 | 100 | 300 | 0 | 100 | 100 |
| Extra Care Housing (Priorities Budget Allocation) | | 400 | | 400 | 400 | 0 | 0 |
| Total | 300 | 857 | 711 | 1,868 | 1,568 | 500 | 250 |

Tudalen 65

Mae tudalen hwn yn fwiadol wag

| | |
|---------------------------------|---|
| Adroddiad i'r: | Pwyllgor Llywodraethu Corfforaethol |
| Dyddiad y Cyfarfod: | 28 Ionawr 2015 |
| Aelod/Swyddog Arweiniol: | Julian Thompson-Hill, Aelod Arweiniol Cyllid ac Asedau |
| Awdur yr Adroddiad: | Stuart Andrews, Rheolwr Caffael Strategol Dros Dro |
| Teitl: | Caffael Gwasanaethau Adeiladu - Diweddariad |

1. Am beth mae'r adroddiad yn sôn?

Mae'r adroddiad hwn yn rhoi manylion i'r Pwyllgor am gynnydd ar waith dilynol diweddaraf Archwilio Mewnol o Gaffael y Gwasanaethau Adeiladu yn dilyn ei adroddiad cychwynol ym mis Hydref 2013 ac adroddiad Swyddfa Archwilio Cymru (SAC) Mawrth 2014. Dyma'r ail adroddiad dilynol, gyda'r un blaenorol ym mis Medi 2014.

2. Beth yw'r rheswm dros lunio'r adroddiad hwn?

Gofynnodd y Pwyllgor Llywodraethu Corfforaethol am adroddiad dilynol pellach ar gyfer Caffael Gwasanaethau Adeiladu i'w gyflwyno i'r Pwyllgor i roi sicrwydd bod gwelliannau wedi'u gwneud ers yr adroddiad ym mis Rhagfyr 2014.

3. Beth yw'r Argymhellion?

- Bod y Pwyllgor yn ystyried ac yn rhoi sylwadau ar yr adroddiad dilynol Archwiliad Mewnol.
- Bod y Pwyllgor yn ystyried a oes ganddo ddigon o sicrwydd bod cynnydd digonol yn cael ei wneud ar y cynllun gweithredu i wella'r gwasanaeth.

4. Manylion yr Adroddiad

Cyhoeddodd Archwilio Mewnol adroddiad ar Gaffael y Gwasanaethau Adeiladu ym mis Hydref 2013 a oedd yn rhoi sgôr sicrwydd 'isel', gyda chynllun gweithredu ar gyfer gwella. Daeth ein hadolygiad i'r casgliad bod "*.. cryn le i wella. Trwy ddatblygu ymagwedd strategol, mae potensial i wneud caffael gwaith adeiladu yn llawer mwy effeithlon drwy symleiddio prosesau a'u gwneud yn fwy cyson, gyda'r fantais o ddileu dyblygu.*"

Soniodd adroddiad Swyddfa Archwilio Cymru am waith cynnal a chadw adeiladau ysgolion, gan ddod i'r casgliad "*bod angen gwneud gwelliannau i'r trefniadau caffael presennol i sicrhau bod y Cyngor yn gallu dangos ei fod yn sicrhau gwerth am arian. Yn ogystal, nid yw'r Cyngor yn cydymffurfio'n llawn â'i reolau gweithdrefn contract presennol.*"

Mae'r cynllun gweithredu dilynol yn Atodiad 1 yn cynnwys y 21 o gamau gweithredu gan y gwasanaeth Archwilio Mewnol a chynlluniau gweithredu Swyddfa Archwilio Cymru. Er bod rhywfaint o gynnydd wedi ei wneud ers yr adroddiadau dilynol ym mis Medi a mis Rhagfyr 2014, dim ond wyth cam gweithredu sydd wedi eu gweithredu'n llawn. Mae dau arall nawr wedi cael eu cwblhau ac mae'r camau gweithredu sy'n weddill ar y gweill. Yn benodol, bu cynnydd o ran datblygu strategaeth gaffael ddrafft a bellach bu cynnydd sylweddol ar y swyddogaeth rheoli contractau yn y system e-ffynonellu yn dilyn mwy o ymdrech wrth gasglu data. Efallai y bydd trosglwyddo'r Gwasanaeth Caffael Cydweithredol o Cyllid ac Asedau i Cyfathrebu, Marchnata a Hamdden yn effeithio ychydig ar rai amserlenni.

Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

Nid oes angen gwneud penderfyniad ynglŷn â'r adroddiad hwn.

5. Beth fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

Nid oes costau yn gysylltiedig â'r adroddiad hwn.

6. Beth yw'r prif gasgliadau o'r Asesiad o'r Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad? Dylid atodi Asesiad o Effaith ar Gydraddoldeb wedi ei gwblhau fel atodiad i'r adroddiad hwn.

Nid oes angen penderfyniad na chynnig ar gyfer newid mewn perthynas â'r adroddiad hwn, felly nid oes unrhyw effaith ar bobl sy'n rhannu nodweddion a ddiogelir.

7. Pa ymgynghoriadau sydd wedi eu cynnal gyda'r Pwyllgor Archwilio ac eraill?

Amherthnasol - adroddiad er gwybodaeth yn unig

8. Datganiad y Prif Swyddog Cyllid

Amherthnasol - adroddiad er gwybodaeth yn unig

9. Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

Amherthnasol - adroddiad er gwybodaeth yn unig

10. Pŵer i wneud y Penderfyniad

Amherthnasol - adroddiad er gwybodaeth yn unig

Action Plan

Audit Follow-up Review of: Procurement of Construction Services

Date: January 2015

Action Plan Owner: Head of Finance & Assets

| Corporate Risk/Issue Severity Key | |
|-----------------------------------|--|
| | Critical – Significant CET and Cabinet intervention |
| | Major – intervention by SLT and/or CET with Cabinet involvement |
| | Moderate – Containable at service level. Senior management and SLT may need to be kept informed |

| Risk/Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|----------------------|---|--|--|--|
| 1. Tudalen 69 | The Council's Procurement Strategy ran until March 2012. Setting the direction for Council procurement is vital to ensure that it is aligned with national, corporate and service requirements. A risk analysis of current spend should be assessed against the Council's requirements to show how procurement can contribute more effectively. | <p>Develop a robust Procurement Strategy that will encompass the requirements in the latest Denbighshire Economic and Community Ambition Strategy, the Welsh Procurement Policy Statement and the Welsh Government's Construction Procurement Strategy.</p> <p>Strategic Procurement Manager (January 2014)</p> <p>Response at February 2014: The revision of the Procurement Strategy is currently in progress with a target to have a draft document completed by 31 March 2014</p> <p>Response at July 2014: The creation of the draft Procurement Strategy has been delayed by the merger of the DCC and FCC Procurement Teams and is now scheduled to be available by the end of October 2014.</p> | <p>The revised strategy in draft form is now complete and has been issued to departments for consultation.</p> <p>It is intended that the revised procurement strategy will be submitted to Corporate Governance in March 2015 for consideration.</p> <p>The current procurement strategy is still being used by departments until the new version is finalised.</p> | To finalise the strategy once feedback from departments has been received. |
| 2. | Given the high value of construction-specific procurement across various Council services, not having a construction procurement | The construction procurement strategy will be incorporated within the corporate procurement strategy. The SPU and Property Services will develop the construction procurement strategy | As item 1 | |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|---|---|--|--|
| Tudalen 70 | <p>strategy could lead to the key issues continuing without effective action and the area showing little or no improvement. In addition, the Council could suffer scrutiny if it does not adopt the National Construction Procurement Strategy.</p> | <p>element jointly with input from the other Council services that undertake construction procurement activity. This will need to align with the National Construction Procurement Strategy. Strategic Procurement Manager & Property Manager (January 2014)</p> <p>Response at February 2014: This is on-going through the Construction Procurement Working Group. The basic premise has been established comprising: 21st C Schools Framework for OJEU works; Advertising on Sell 2 Wales for project over £250K and frameworks for work below this threshold.</p> <p>Response at July 2014: Work is ongoing with regards to the Construction Working Group. Work has now started on establishing framework agreements for Reactive Maintenance services and also Asbestos Surveying and Removal. The expectation is to have these agreements available for use by December 2014. The remainder of the Approved List categories are being reviewed on a case by case basis with a view to having alternative solutions in place by March 2015.</p> <p>The construction procurement strategy is still under development and should be available for inclusion in the main procurement strategy by October 2014. It will be aligned to the principles of the National Construction strategy and will include the need for early contractor involvement and the move away from price only tendering to a price and quality basis.</p> | | |
| 3. | The SPU has previously identified several initiatives to improve | E-sourcing will be rolled out by March 2014 but it does not include interfaces for | This is on target for roll out by March 2015 as indicated. | To provide user training to departments on the new |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|---|--|---|-----------------------|
| Tudalen 71 | <p>construction procurement but little progress has been made, as resources are being pulled in different directions e.g. collaboration.</p> <p>Unless a clear procurement plan is developed and prioritised, with sufficient steer from a senior level, initiatives such as introducing an e-sourcing system corporately and category leads, are likely to slip further and result in longer delays.</p> | <p>third party job costing systems e.g. asset management. A project plan and Verto is being used for this.</p> <p>To ensure that this programme is rolled out effectively there is a need to establish a project board with a senior member of staff as chair to ensure the project plans are implemented efficiently.</p> <p>Acting Strategic Procurement Manager (March 2014)</p> <p>Response at February 2014: Delays in the creation of project templates and documentation has caused a slip in the expected roll-out date. This should now commence during April 2014. Some departments are using the system on small projects with assistance from the SPU.</p> <p>Response at July 2014: Due to issues with the project manager, delays have been encountered with the project. A new project management team has been established. Roll out is expected in Q1 of 2015/16.</p> <p>Project templates have now been created for 60% of the type of requirements needed. All main types are available for use. The remainder should be completed late in Q3 of 2014/15.</p> <p>Roll out of the system is expected to be completed by March/April 2015.</p> | <p>Highways have expressed interest in becoming a pilot to undergo training on the system as a "First Adopter". This is currently being arranged in conjunction with the Highways team. This will be followed by Social care who have also asked for use of the system earlier.</p> <p>Response at January 2015</p> <p>The training documentation and plan is currently being finalised with departmental training scheduled to commence in February 2015.</p> | <p>system.</p> |
| 4. | <p>Management information and performance measurement of construction-related spend has its limitations. This hinders the Council in identifying opportunities for price savings</p> | <p>The SPU will develop reports to introduce better management information to services and senior managers. E-sourcing will introduce performance information by way of customer feedback logged against each supplier.</p> | <p>A performance management questionnaire has now been built for Highways following the award of the Minor Works Framework and is available for use when staff have been</p> | |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|---|---|--|---|
| Tudalen 72 | <p>and cost reduction.</p> <p>The introduction of a corporate e-sourcing system over the next two years promises additional tools to help management and provide continuous improvement.</p> | <p>Performance feedback will be input to the e-sourcing system and will be more transparent. The system can set reminders to prompt customers/clients to input their feedback.</p> <p>As part of the 21st Century Schools procurement project, Key Performance Indicators (KPIs) are being established to promote continuous improvement. Acting Strategic Procurement Manager (July 2014)</p> <p>Response at February 2014: This is currently on target. The introduction of M-Power in Finance will greatly assist this requirement.</p> <p>Response at July 2014: KPI's have been developed for 21st Century Schools project by the Project Manager. These are currently under consideration with the project Operations Board and contractors to ensure suitability. Once agreed, the Proactis system will be updated to make them available electronically for contract monitoring.</p> <p>The M-Power system for expenditure analysis will be made available by Finance in October 2014. This will allow a more informed scrutiny of who the Council places business with.</p> | <p>trained.</p> <p>A similar questionnaire will be built for Property Services</p> <p>Both of these questionnaires will enhance the performance monitoring of contractors undertaking works for DCC. Similar questionnaires may be built for other departments following the roll out of the system in 2015.</p> <p>The M Power system for expenditure analysis is still undergoing some minor final developments and will be available for use before January 2015.</p> | |
| 5. | <p>Awareness of and adherence to CPRs are weak in some services. For example:</p> <ul style="list-style-type: none"> • when requested, Bridges and Structures were unable to produce a signed contract for | <p>Revised CPRs have been developed and are currently out for consultation. CPR awareness workshops will be held with various services to promote awareness and understanding of CPRs. Schools and Public Realm are a priority for this training due to recent cases of non-compliance. Acting Senior Procurement Manager</p> | <p>The revised CPR's have been approved by Corporate Governance and are now being taken to Council on 9 December for final approval. Following this a training programme for all officers involved in procurement</p> | <p>Training for key staff is to be arranged in the use of the new CPR's to ensure staff comply with the requirements. It is intended that the CPR's will also be covered within the corporate induction for new</p> |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|--|---|---|-----------------------|
| Tudalen 73 | <p>works valued over £50k</p> <ul style="list-style-type: none"> aggregate spend on suppliers on the approved lists often exceeds £100k, but little comparison is done to make sure the Council gets value for money <p>There is also limited awareness that the SPU could be contacted as a source of knowledge on procurement activity.</p> <p>The introduction of the e-sourcing system over the next two years along with associated training is an opportunity to reach out to service representatives and promote compliance.</p> | <p>(January 2014)</p> <p>Response at February 2014: All comments have been correlated and issued to the individuals for further review. The comments are now under review by Legal Services. Once these have been received Procurement and Legal will meet to identify the issues raised. The intention is to have a final Draft copy available for 31 March 2014.</p> <p>Response at July 2014: The draft CPRs are now with Legal Services for final scrutiny. Due to current workload in the department, it is anticipated that the review will be completed by the end of September 2014 and taken through the committee processes by the end of December 2014.</p> | <p>is currently being arranged for January with an invitation being given to elected members to participate in a separate training session as agreed at the November Corporate Governance Committee meeting.</p> <p>Response at January 2015</p> <p>The new Contract Procedure Rules have now been agreed by formal council and have been located on the Intranet for staff to view. A notification has also been put on the Intranet to alert staff of the new documents.</p> | <p>staff.</p> |
| | | <p>A Construction Procurement Working Group has been convened comprising the main construction procuring services and the SPU. This group will consider and determine what is achievable and drive forward changes in respect of framework agreements and how to deal with reactive small works procurement. This will be tied in with the new framework manager role within Property. Acting Strategic Procurement Manager and Property Manager Informally by August 2013 with more formal arrangements from March 2014. First group meeting held September 2013.</p> <p>Response at February 2014: The working group has been established and includes representation from Property, Procurement, Housing and Housing Renewals.</p> | <p>A "Meet the Buyer event for reactive maintenance works was held on 28 November following an advert on Sell2Wales to promote the opportunity. We had over 25 companies attend. The Pre-Qualification documents have since been issued to businesses to be returned by mid January 2015 with the Invitation to Tender documents being issued by the end of January. The intention is to have agreements available by April as indicated. Work will then commence on the further review of the remaining Approved List categories to determine the best solution.</p> | |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|------------|---|---|--|
| Tudalen 74 | | <p>An agreed way forward in terms of reactive maintenance and asbestos removal procurement has been agreed and frameworks for these elements are being developed.</p> <p>There are some issues with the procurement of Housing renewals works which are individually tendered. The procurement of works between £5K - £250K is now being considered. The Group meets monthly.</p> <p>Response at July 2014 Work will commence on the next phase as soon as possible following completion of the two services being tendered.</p> <p>A separate meeting is to be convened with Housing and Area Renewals, as it has now determined that its list of contractors needs reviewing and replacing with a framework agreement with a reduced number of contractors. Work on this project is expected to commence in October 2014 with new arrangements in place by March 2015.</p> | <p>This is still under discussion with Housing Area Renewals and is likely to slip to April 2015.</p> | |
| | | <p>HR to be requested to provide a procurement training element into the standard induction training provided to all new starters within Denbighshire. Acting Strategic Procurement Manager (October 2013)</p> <p>Response at February 2014: HR have been requested to include a Procurement Awareness session into their induction training. This will be a brief explanation on CPR's and Procurement procedures.</p> <p>Response at July 2014:</p> | <p>HR no longer provide corporate induction training. Discussions are currently ongoing with HR as to the best way to ensure that all new staff are aware of the Contract Procedure Rules. A meeting is to be held with Customers and Education Support who are now responsible for the Induction Pack to ensure the Contract Procedure Rules are included.</p> | <p>Training for key staff is to be arranged in the use of the new CPR's to ensure staff comply with the requirements. It is intended that the CPR's will also be covered within the corporate induction for new staff.</p> |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
|-----------------------|---|---|--|-----------------------|
| | | <p>The SPU has been informed that Strategic HR no longer undertakes a corporate induction programme. This is now the responsibility of each department. The SPU will now have to confer with all Heads of Service to establish how the Council can inform new members of staff of the requirements of procurement.</p> <p>Once the new CPRs have been finalised it is intended to hold CPR training workshops for all members of staff with any procurement responsibility. This will be undertaken on a service by service basis.</p> | | |
| 6. Tudalen 75 | <p>The Council does not maintain a corporate contracts register, which is required for transparency and is an important management tool. Signed contracts are vital documents that should be easily accessible in case the Council needs to resolve disputes with any of its contractors.</p> <p><i>Note: Services may be spot purchasing goods or services but contracts specific to other departments may offer advantageous pricing if accessible.</i></p> | <p>Each service needs to start collating a list of service specific contracts in order to populate a central contract register. This requirement is already set within the revised CPRs for Heads of Service to action. In order to capture this information, the SPU has developed a spread sheet to issue to all 'tier 1' managers to populate with details of their current contracts. The spread sheet will be issued to departments in October 2013. Acting Strategic Procurement Manager (January 2014)</p> <p>Response from February 2014: Information has been received from the majority of departments and is currently undergoing review. Completion of the review by 31 March 2014</p> <p>Response from July 2014: Information has been received from departments but, due to other priorities and the merger of the DCC and FCC procurement teams, this has been delayed. It is anticipated that this will be</p> | <p>Information from departments has been received and is still under review. A number of workshops were held with departments in October to identify the range of formats required for a contract register and this has identified that there is not one solution that suits all departments due to the difference in contracts used by departments. The SPU is currently working with all Directorates to complete this task. The target is to have this task completed in line with the roll out of the e-sourcing system in March 2015. We are currently on target to achieve this.</p> | |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
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| Tudalen 77 | | <p>Response from February 2014: Following the establishment of the Construction Procurement Working Group the use of Approved Lists will be discontinued for the majority of services and replaced by Framework Agreements. This removes the need for the Head of Procurement to approve their use.</p> <p>Response from July 2014: See Item 2 for comments.</p> <p>The SPU and Highways are currently working on the establishment of a framework agreement for Minor Works. The original intention was to advertise this by the end of July 2014, with the intention of having a new framework agreement in place by Q1 of 2015. This is currently on schedule and will replace the current approved list system.</p> <p>Once the new property services frameworks are completed the new rotational selection procedure will be in place.</p> | <p>The Highways Framework Agreement has now been completed and awarded to 12 companies all of which are based in North Wales. This agreement is available for use from December 2014 and will replace the Approved List currently being used in that department.</p> | |
| 8. | <p>On occasion, services and schools contract suppliers that are not on an approved list and without first consulting Property Services for advice. A contributing factor may be that they have concerns about the transparency of the costs they are being committed to without their consent or knowledge.</p> <p>Without clear communication channels and more cohesive working relationships, the Council and schools could fail in</p> | <p>CPRs will be formulated to cover schools using the same format as the revised Council CPRs. This will give the necessary guidelines on acceptable procurement practices, with scope for sanction where there are any breaches.</p> <p>To support this, the SPU, Property and Internal Audit will work together to provide awareness training for schools (Finance Managers) to promote compliance. Acting Strategic Procurement Manager, Education Planning & Resource Manager, Property Manager and Head of Internal Audit</p> | <p>Contract Procedure Rules covering schools have now been completed and issued to all schools for use.</p> | <p>No further action required.</p> |

| Risk/ Issue No. | Risk/Issue | Agreed Action Responsibility & Timescale | Current Status | Further Action Needed |
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| Tudalen 78 | <p>their obligation to maintain suitable health and safety arrangements, and poorly specified jobs could result in higher costs and inferior quality work.</p> | <p>(January 2014, Procurement Training to be provided October 2013)</p> <p>Response from February 2014: The School Cluster Groups will be used to disseminate training once CPR's have been developed. Legal Services and School Improvement are currently working on a version for schools.</p> <p>An initial awareness session with schools Finance and Business Managers has been undertaken.</p> <p>Response from July 2014: The CPRs for schools have been drafted and are now out with schools for consultation. This is being co-ordinated by Legal Services in conjunction with the Education Planning & Resource Manager.</p> <p>In addition to this, an "Introduction to Procurement" training course is being arranged for all the schools Business and Finance managers for August / September 2014 to make them aware of the requirements of procurement legislation. This course has already been provided for all corporate finance staff.</p> | | |
| | | <p>Enhance the Purchasing Systems (Proactis P2P) to create additional workflow approval for construction-related purchase orders i.e. before placing an order with a supplier, a nominated construction lead will have to approve it. A prototype has been tested in Flintshire County Council. A pilot project using the procurement of furniture will be established in this Council in October 2013. This will then be extended to other commodity areas including construction once the principle</p> | <p>Discussions have now taken place between DCC and FCC staff resulting in a trial process of routing purchase orders to a member of staff who will have responsibility for authorising the order e.g. a furniture order could be routed to Property Services to approve / reject based on the knowledge of available furniture within the Council. The Proactis P2P</p> | |

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| Tudalen 79 9. | | <p>has been proved. Acting Strategic Procurement Manager to lead, with assistance from Construction Working Group and Senior Management Accountant (April 2014)</p> <p>Response from February 2014: Further discussion is required with Finance on this in order to create the additional workflow required.</p> <p>Response from July 2014: Discussions with the FCC P2P team are being undertaken to establish the procedure required to set this facility up in the P2P portal. The new Central Invoicing Process has temporarily delayed this from being reviewed.</p> <p>Preliminary discussions are being held with the P2P finance team to establish a procedure where schools purchase orders for construction activities are routed to Property Services for approval.</p> | <p>system will be undergoing an upgrade in Q1/15 therefore the trial will not take place until this upgrade is complete.</p> | |
| | <p>There is an opportunity for services to collaborate and pool resources to reduce costs on minor works. A framework agreement, if arranged properly, should save time and money in the long term. The challenge is to maintain a transparent and fair process that gives local suppliers (Small Medium Enterprises) an equal opportunity to win the tender. This promotes diversity and competition and ties in with the National and Council's Corporate priority of economic regeneration.</p> | <p>The SPU will formulate a working group to develop both projects (Highways and Property minor works framework agreements). The building minor works framework agreement will be developed separately to highways but using the same method/approach (see specific action below). The working group will carry out analysis of all construction spend. Based on the analysis, procurement action plans will be developed for the different areas of spend. Acting Strategic Procurement Manager & Construction Working Group (September 2013)</p> <p>Response from February 2014: Working groups for both Highways and</p> | <p>Reactive maintenance and asbestos frameworks have now been advertised and are on target for completion by April 2015. See Risk No 5.</p> <p>The Highways Minor Works framework agreement is now complete and available for use as identified in Risk No 7</p> | |

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| Tudalen 80 | | <p>Property have now been established. Spend analysis is ongoing at this point in time along with identification of areas of spend to establish frameworks. The intention is to commence work on establishing frameworks for asbestos removal during April 2014 with other areas by July 2014.</p> <p>Response from July 2014: See Items 2 and 7 for comments.</p> <p>Under the new procurement structure, specific officers have now been assigned to review the expenditure in category areas. Due to the merger of the DCC and FCC procurement teams it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p> <p>Work commenced on the establishment of frameworks for asbestos surveying and removal in July 2014 and will commence on reactive maintenance works in August 2014. Work also commenced on the Highways Minor works framework in July 2014.</p> | | |
| | | <p>Property Services will work with the SPU business partner to develop frameworks for lower value work. Efficiencies should be possible through reducing management costs, but the cost needs to be balanced with quality and legislative compliance. Acting Strategic Procurement Manager & Procurement Manager (Proposals will be developed by March 2014)</p> <p>Response from February 2014: This is currently in progress with the intention of having relevant frameworks in</p> | | |

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| Tudalen 81 | | <p>place by July 2014</p> <p>Response from July 2014: See Item 2</p> <p>Work has commenced on the frameworks for asbestos surveying and removal and reactive maintenance and these will be advertised in August with the intention of having frameworks in place by October/November 2014.</p> | | |
| | | <p>The Highways & Environment Service Plan for 2013-14 contains an improvement activity under Outcome 1 for "Developing a minor works framework" (HES101a). Once developed, this can be rolled out to other areas of the service. Works Unit Manager / Performance Officer (with assistance from SPU) Completion date for HES101a is 31 March 2014, but can possibly be brought forward should the need arise</p> <p>Response from February 2014: This is currently in progress with the intention of having relevant frameworks in place by July 2014</p> <p>Response from July 2014: The SPU and Highways are currently working on the establishment of a framework agreement for Minor Works. The original intention was to advertise this by the end of July 14, with the intention of having a new framework agreement in place by Q1 of 2015/16.</p> | <p>The Highways Minor Works framework agreement is now complete and available for use as identified in Risk No 7</p> | <p>Action complete</p> |
| 10. | <p>Tendering and contract-related templates (e.g. H05s and pre-qualification questionnaires) are inconsistent and direct the selection of suppliers to be based</p> | <p>A construction procurement working group will be formed to review all current PQQ and tender documentation (including supplementary terms and conditions) and agree on a common set of construction-</p> | <p>The documentation review is complete. Procurement are now updating all templates in line with the review to ensure that when e-sourcing is rolled out all</p> | |

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| Tudalen 82 | <p>on lowest value instead of best value.</p> <p>In line with Welsh Government requirements, services need to standardise PQQs (pre-qualification questionnaires), tender and contract templates to make it easier for suppliers to tender for work. If possible, this should be in coordination with other local authorities to be most effective.</p> | <p>related documents. The Strategic Procurement Manager is developing a set of generic templates in line with the values set within the revised CPRs. These will be circulated as part of the CPR awareness training (see action again Risk Issue 8). Acting Strategic Procurement Manager (January 2014)</p> <p>Response from February 2014: This action is on target for completion by end March 2014</p> <p>Response from July 2014: Under the new procurement structure, specific officers have now been assigned to review the current PQQ and tender documents, as these will be used in the Proactis e-sourcing system. Due to the merger of the DCC and FCC procurement teams it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p> <p>There is a need to get agreement from all service areas to move to a standard form of contract for similar types of construction works to avoid confusion with contractors e.g. JCT, NEC, PPC2000 etc.</p> | <p>questions and documentation are standard. This will be completed by mid January 2015.</p> <p>Contract template workshops have been held and there is a need to have templates built reflecting all current forms of contract. This is currently in progress for completion when e-sourcing goes live by March 2015.</p> | |
| | | <p>Standardise the relevant Highways & Environment documents and incorporate them into the service's ISO 9001 document control system. Performance Officer (December 2013)</p> <p>Response from February 2014: This is currently in progress and due for completion during April 2014</p> <p>Response from July 2014:</p> | <p>Complete in July 2014</p> | <p>n/a</p> |

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| Tudalen 83 | | <p>Owing to the volume of documents involved, documents are now being integrated into a single quality management system on a document by document basis, i.e. whenever an existing Highways & Infrastructure document is used, the Quality & Performance Officer is informed and it is then given a control reference and revision number in accordance with the service's ISO 9001 accreditation.</p> | | |
| | <p>In partnership with the SPU business partner, Property Services will review forms/letters etc. used across the Council and develop a standard set of documents. These could be used as a model for use by other local authorities (consensus on the forms has proved difficult in the past). Acting Strategic Procurement Manager & Property Manager (January 2014)</p> <p>Response from July 2014: Under the new procurement structure, specific officers have now been assigned to review the current PQQ and tender documents, as these will be used in the Proactis e-sourcing system. Due to the merger of the DCC and FCC procurement teams it is intended to have the review completed as quickly as possible during Q3 of 2014/15.</p> | <p>The documentation review is complete. Procurement are now updating all templates in line with the review to ensure that when e-sourcing is rolled out all questions and documentation are standard. This will be completed by mid January 2015.</p> | | |
| 11. | <p>Many procurement projects fail if they are not properly planned and adequately resourced. Such problems could be minimised if better links were established between procurement and project management. A large, complex procurement exercise should not</p> | <p>The SPU is developing a checklist for procurements valued over £100k and this will shortly be available as a spread sheet. These will be linked to CPRs, the project management system (Verto) and the procurement section of the business case template. Acting Strategic Procurement Manager (October 2013)</p> | <p>Response from January 2015: The new CPR's have now been approved by Council and added to the Intranet for departments to use. The Checklist has also been added to the Intranet</p> | <p>Training for key staff is to be arranged in the use of the new CPR's to ensure staff comply with the requirements. It is intended that the CPR's will also be covered within the corporate induction for new staff.</p> |

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| Tudalen 84 | be able to progress without a sound business case and agreed procurement plan. | <p>Response from February 2014: The checklist has been completed and is now under review following comments received during the CPR consultation exercise. This should be finalised in conjunction with the CPR's</p> <p>Response from July 2014: The checklist is complete and is waiting the completion of the review of the CPRs by Legal Services. The SPU is unable to progress this any further at this point in time. The indication from Legal Services is that the review will be completed by the end of September 2014 and taken through the committee processes by the end of December 2014.</p> | | |
| | | <p>New CPRs state that a procurement checklist must be completed for contracts valued over £100k. The SPU must give approval and, if the construction relates to Property, HR or ICT, additional approval is required from each of the affected services. If valued less than £100k, the questionnaire should still be completed; however, the SPU approval is not required (note: approval from HR, ICT and/or Property still applies). Acting Strategic Procurement Manager and Corporate Programme Office Manager (October 2013)</p> <p>Response from February 2014: The checklist has been completed and is now under review following comments received during the CPR consultation exercise. This should be finalised in conjunction with the CPR's</p> <p>Response from July 2014:</p> | As above | |

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| | | <p>As above.</p> <p>Discussions have commenced with the Corporate Programme Office Manager to amend the Verto system to include procurement related questions into the system.</p> | | |
| Tudalen 85 | <p>12. Wales Audit Office Recommendation The current practices adopted by the Council for allocating work in respect of schools' building maintenance need to be more transparent . The Council should review and strengthen their procedures in respect of their use of approved contractor lists. The Council should:</p> <ul style="list-style-type: none"> • clearly communicate to contractors how to apply and access the approved list; • establish agreed procedures or criteria as to how contractors will be selected from the approved list in terms of work allocations; and <p>establish agreed processes to evidence the selection of contractors from the approved list based on price, quality or past performance.</p> | <p>Work is ongoing to establish framework arrangements for reactive maintenance works to all public buildings. This is in conjunction with the work being undertaken by the Construction Procurement Working Group which is considering procurement of construction projects corporately (not just within Property). July 2014 for agreed ITT and consultation.</p> <p>While an approved list is likely to remain for specialist contractors and, in the medium term, contractors wishing to be considered for higher value non-reactive works, this will be advertised on the Council's website.</p> <p>The Proactis e-sourcing system being rolled out through the Strategic Procurement Unit will facilitate the selection of contractors and recording and monitoring of cost, quality and performance.</p> <p>User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p> <p>Response from July 2014: Work has now started on establishing framework agreements for Reactive Maintenance services and also Asbestos Surveying and Removal. The remainder of the Approved List categories are being reviewed on a case by case basis with a</p> | <p>See items 5 and 7</p> <p>Response from January 2015:</p> <p>New working practices have now been established with links to Business Wales for the promotion of opportunities to businesses along with training on tendering processes.</p> | |

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| | demonstrated that a quote would not be practicable, eg for emergency works. | <p>(when coupled with the workload generated through planned, capital and client request works), customer needs and the availability of contractors willing to undertake reactive works, to routinely obtain quotes for reactive works. April 2014</p> <p>Response from July 2014: Justification for not obtaining quotes for works between £1,000 and £10,000 is now required on works requisition forms – to be reviewed on a case by case basis by approving officers.</p> | | |

Mae tudalen hwn yn fwiadol wag

| | |
|---------------------------------|--|
| Adroddiad i'r: | Pwyllgor Llywodraethu Corfforaethol |
| Dyddiad y Cyfarfod: | 28 Ionawr 2015 |
| Aelod/Swyddog Arweiniol: | Cynghorydd Julian Thompson-Hill |
| Awdur yr Adroddiad: | Pennaeth Cyllid ac Asedau |
| Teitl: | 1. Datganiad Strategaeth Rheoli'r Trysorlys (DSRhT) 2015/16 a Dangosyddion Darbodus 2015/16 i 2017/18 (Atodiad 1) 2. Adroddiad Diweddaru Rheoli'r Trysorlys 2014/15 (Atodiad 2) |

1 Am beth mae'r adroddiad yn sôn?

- 1.1 Mae'r DSRhT (Atodiad 1) yn dangos sut y bydd y Cyngor yn rheoli ei fuddsoddiadau a'i fenthyciadau ar gyfer y flwyddyn i ddod ac yn gosod y polisiau ar gyfer gweithredu'r swyddogaeth RhT. Mae'r adroddiad hefyd yn amlinellu effaith debygol y Cynllun Corfforaethol ar y strategaeth hon ac ar y Dangosyddion Darbodus. Mae'r Adroddiad Diweddariad ar Reoli'r Trysorlys (Atodiad 2) yn rhoi manylion am weithgareddau Rheoli Trysorlys y Cyngor yn ystod 2014/15.
- 1.2 Dylid nodi bod y ffigyrau a gynhwysir yn y DSRhT yn rhai drafft a byddant yn cael eu diweddaru cyn eu cymeradwyo gan y Cyngor yn seiliedig ar y Cynllun Cyfalaf diweddaraaf ym mis Chwefror 2015.

2 Beth yw'r rheswm dros lunio'r adroddiad hwn?

- 2.1 Mae Cod Ymarfer y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth ar Reoli'r Trysorlys (y "Cod RhT SSCCCh") yn gofyn i'r Cyngor gymeradwyo'r DSRhT a'r Dangosyddion Darbodus yn flynyddol. Mae'n ofynnol i'r Pwyllgor Llywodraethu Corfforaethol adolygu'r adroddiad hwn cyn iddo gael ei gymeradwyo gan y Cyngor ar 24 Chwefror 2015. Ar ben hynny, rhan o rôl y pwyllgor yw derbyn diweddariad ar weithgareddau RhT ddwywaith y flwyddyn.

3 Beth yw'r Argymhellion?

- 3.1 Bod y Pwyllgor yn adolygu DSRhT ar gyfer 2015/16 a'r Dangosyddion Darbodus ar gyfer 2015/16, 2016/17 a 2017/18 (Atodiad 1).
- 3.2 Bod aelodau'n nodi'r adroddiad diweddaru ar y gwaith o Reoli'r Trysorlys (Atodiad 2).

4 Manylion yr Adroddiad

Cefndir

- 4.1 Mae RhT yn golygu edrych ar ôl arian y Cyngor sy'n rhan hanfodol o waith y Cyngor oherwydd bod oddeutu £0.5bn yn mynd drwy gyfrif banc y Cyngor bob blwyddyn.
- 4.2 Ar unrhyw adeg, mae gan y Cyngor o leiaf £20 miliwn mewn arian parod, felly mae angen i ni sicrhau ein bod yn cyflawni'r gyfradd gorau o adenillion posibl heb roi'r arian mewn perygl a dyna pam ein bod yn buddsoddi arian gyda nifer o sefydliadau ariannol.

Wrth fuddsoddi, blaenoriaethau'r Cyngor yw:

- cadw arian yn ddiogel (diogelwch);
- gwneud yn siŵr ein bod yn cael yr arian yn ôl pan fyddwn ei angen (hylifedd);
- gwneud yn siŵr ein bod yn cael cyfradd dychwelyd da (arenillion).

DSRhT 2015/16

- 4.3 Mae DSRhT ar gyfer 2015/16 yn Atodiad 1. Mae'r adroddiad hwn yn cynnwys Dangosyddion Darbodus sy'n gosod cyfyngiadau ar weithgaredd RhT y Cyngor ac mae'n dangos bod benthyca'r Cyngor yn fforddiadwy.

Dangosyddion Darbodus

- 4.4 Mae dangosyddion Cronfa'r Cyngor yn seiliedig ar y bidiau cyfalaf arfaethedig diweddaraf a dyraniadau bloc a bydd y rhain yn cael eu diweddarau cyn i'r adroddiad gael ei gyflwyno i'r Cyngor i'w gymeradwyo ar 24 Chwefror 2015.
- 4.5 Mae'r dangosyddion Cyfrif Refeniw Tai wedi cael eu cyfrifo yn seiliedig ar yr amcangyfrifon diweddaraf o'r Cynllun Busnes Stoc Tai.
- 4.6 Mae'r Dangosyddion Darbodus unigol a argymhellwyd i'w cymeradwyo wedi'u nodi yn Atodiad 1 Ychwanegiad A.

Cymhorthdal y Cyfrif Refeniw Tai (HRAS) Prynu-Allan

- 4.7 Mae Llywodraeth Cymru wedi gorffen trafodaethau gyda Thrysorlys EM ynglŷn â diwygio system cymhorthdal y Cyfrif Refeniw Tai yng Nghymru. Bydd angen i ni fenthyg rhwng £39miliwn a £55miliwn ar 02/04/15 i brynu ein hunain allan o'r cynllun cymhorthdal i fod yn hunan-ariannu. Mae effaith hyn wedi cael ei adeiladu i mewn i'r dangosyddion darbodus CRT ac mae manylion pellach gadael y system yn Atodiad 1 Adran 8. Yn ogystal â hyn, mae atodiad 3 yn cynnwys dadansoddiad risg a sensitifwydd sy'n ymwneud â gadael system y Cyfrif Refeniw Tai.

Newidiadau i'r Strategaeth Fuddsoddi

- 4.8 Mae adroddiad diweddariad RhT (Atodiad 2) yn amlygu'r newidiadau a weithredwyd yn ein strategaeth fuddsoddi (gweler Atodiad 1 Adran 3) o

ganlyniad i risg mechnïo a fydd yn golygu na fydd banciau yn gallu dibynnu ar gefnogaeth y llywodraeth os ydynt yn mynd i drafferth a bydd yn ofynnol iddynt fechnïo eu hunain allan drwy gymryd cyfran o adneuon buddsoddwyr i gynyddu eu cyfalaf.

- 4.9 Mae'r newidiadau hyn yn golygu symud i ffwrdd o adneuon banc confensiynol i fuddsoddiadau diogel megis cytundebau cildroi ail-brynu a bondiau a gwmpesir.

5 Sut mae'r penderfyniad yn cyfrannu at y Blaenoriaethau Corfforaethol?

- 5.1 Mae strategaeth RhT effeithlon yn galluogi'r Cyngor i leihau ei gostau benthyca a rhyddhau cyllid ar gyfer ei flaenoriaethau buddsoddi.

6 Beth fydd yn ei gostio a sut bydd yn effeithio ar wasanaethau eraill?

- 6.1 Nid oes unrhyw oblygiadau cost yn codi o ganlyniad i bennu Dangosyddion Darbodus. Pwrpas y Strategaeth RhT yw cael yr enillion gorau o fewn fframwaith risg a reolir yn iawn.

7 Beth yw'r prif gasgliadau o'r Asesiad o'r Effaith ar Gydraddoldeb a gynhaliwyd ar y penderfyniad?

- 7.1 Nid oes angen hyn fel rhan o'r adroddiad hwn.

8 Pa ymgynghoriadau a gynhaliwyd?

- 8.1 Paratowyd Cynllun Cyfalaf a Chyllideb Refeniw'r Cyngor mewn ymgynghoriad â Phenaethiaid Gwasanaeth, Cyfarwyddwyr Corfforaethol, Pwyllgorau Archwilio, y Cabinet a'r Cyngor.

- 8.2 Bydd y Cynllun Busnes Stoc Tai, cyllidebau refeniw a chyfalaf yn cael eu cyflwyno i aelodau. Ymgynghorir gyda Ffederasiwn Tenantiaid a Thrigolion Sir Ddinbych ar y cynigion.

- 8.3 Mae'r Cyngor wedi ymgynghori gyda'i ymgynghorwyr RhT, Arlingclose Ltd

9 Datganiad y Prif Swyddog Cyllid

- 9.1 Mae RhT yn golygu gofalu am symiau sylweddol o arian felly mae'n rhan hanfodol o waith y Cyngor. Mae'n gofyn am strategaeth gadarn a rheolaethau priodol i ddiogelu arian y Cyngor, er mwyn sicrhau enillion rhesymol ar fuddsoddiadau a bod dyled yn cael ei rheoli'n effeithiol ac yn ddoeth.

- 9.2 Mabwysiadodd y Cyngor y Cod Ymarfer diwygiedig SSCCCh ar RhT (Tach 11) yn ei gyfarfod ar 28 Chwefror 2012. Mae'n ofyniad yn y Cod hwnnw i'r Cyngor gymeradwyo DSRhT pob blwyddyn ariannol.

- 9.3 Mae'r Cyngor wedi cymeradwyo Cynllun Corfforaethol uchelgeisiol sy'n cynnwys buddsoddi tua £124miliwn i ddarparu ei flaenoriaethau dros gyfnod o bum mlynedd. Mae'n hanfodol bod gan y Cyngor swyddogaeth Rheoli

Trysorlys gadarn ac effeithiol sy'n ategu'r buddsoddiad hwn a'r holl weithgareddau eraill.

10 Pa risgiau sy'n bodoli ac a oes unrhyw beth y gallwn ei wneud i'w lleihau?

- 10.1 Mae RhT yn ei hanfod yn beryglus fel yr amlinellwyd yn y Datganiad Strategaeth. Mae gan y Cyngor bolisi rheoli risg ond mae'n amhosibl dileu'r risgiau hyn yn gyfan gwbl.

11 Pŵer i wneud y Penderfyniad

- 11.1 Mae Deddf Llywodraeth Leol 2003 yn pennu'r gofyniad i awdurdodau lleol bennu Dangosyddion Darbodus ac yn ei gwneud yn ofynnol i'r Cyngor gydymffurfio â Chod Darbodus Cyllid Cyfalaf ar gyfer Awdurdodau Lleol a luniwyd gan y Sefydliad Siartredig Cyllid Cyhoeddus a Chyfrifyddiaeth (SSCCCh).

Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2015/16 to 2017/18**

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Annexes

- A. Prudential Indicators
- B. Interest Rate Outlook

Glossary

Treasury Management Strategy Statement and Investment Strategy 2015/16 to 2017/18

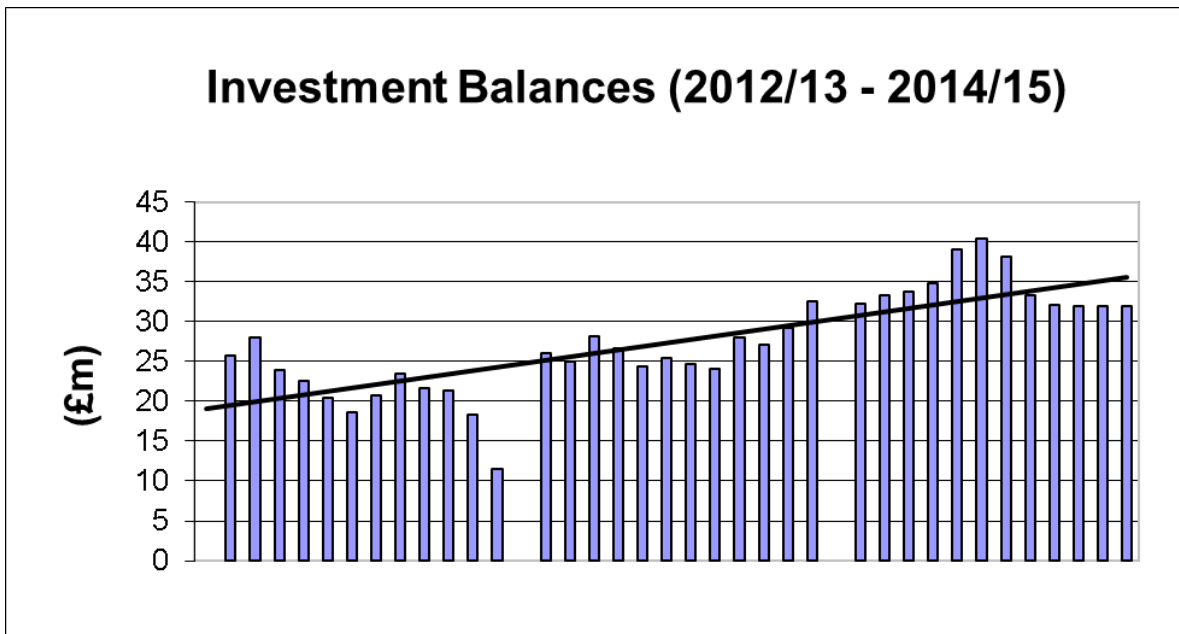
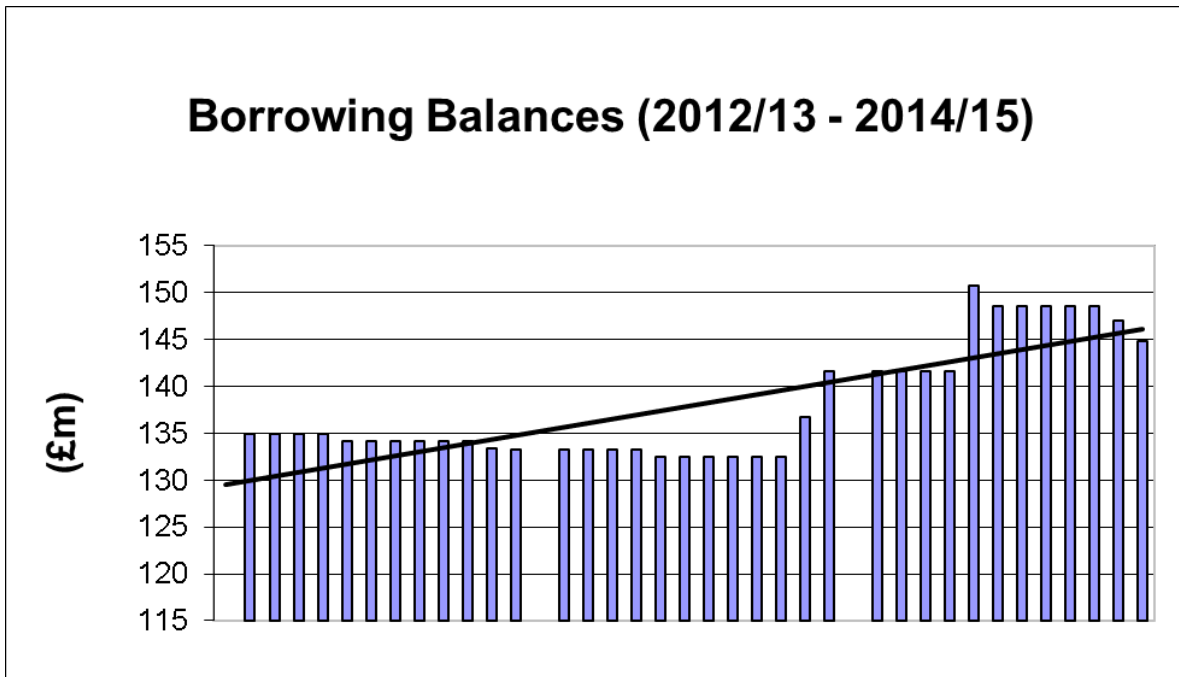
1 Background

- 1.1 The Council is responsible for its Treasury Management decisions and activity which involves looking after the Council's cash. This is a vital part of the Council's work because approximately £0.5bn passes through the Council's bank account every year.
- 1.2 On 28 February 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy statement (TMSS) before the start of each financial year.
- 1.3 In addition, the Welsh Government (WG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.
- 1.4 This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.5 The purpose of the TMSS is to set the:
 - Treasury Management Strategy for 2015/16
 - Annual Investment Strategy for 2015/16
 - Prudential Indicators for 2015/16, 2016/17 and 2017/18 (**Annex A**)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

- 2.1 The levels of the Council's borrowing and investment balances over the last three years are shown in the graphs below. The first chart shows the Council's borrowing has increased over the course of the last twelve months as we have begun to undertake external borrowing from the Public Works Loan Board (PWLB). The second chart shows a corresponding increase in the amount of money we have to invest over the same period as the loan proceeds are temporarily held as investments.

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3 Investment Strategy

- 3.1 Both the CIPFA Code and the WG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

- 3.2 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority will aim to diversify into more secure investments such as reverse repurchase agreements (REPOs) and

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covered bonds from April 2015 as detailed in paragraph 3.4 below. All of the Authority's surplus cash is currently invested in short-term unsecured bank deposits. This diversification will therefore represent a substantial change in strategy over the coming year.

- 3.3 This action is being taken because of a lower likelihood that the UK and other governments will support failing banks in the future. As the Banking Reform Act 2014 is implemented in the UK from January 2015, banks will no longer be able to rely on government bail-outs if they get into difficulty. They will be required instead to bail themselves out by taking a proportion of investors' deposits to build up their capital. This new risk has been termed 'bail-in' risk and is potentially a greater risk to investors than the 'bail-out' risk of the past.
- 3.4 The Authority may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 1: Approved Investment Counterparties and Limits

| Credit Rating | Banks / Building Societies Unsecured | Banks / Building Societies Secured | Government / Local Authorities | Corporates | Registered Providers |
|----------------------|---|---|---------------------------------------|-------------------|-----------------------------|
| UK Govt | n/a | n/a | £Unlimited 50 years | n/a | n/a |
| AAA | £5m 5 years | £10m 20 years | £8m 50 years | £5m 20 years | £5m 20 years |
| AA+ | £5m 5 years | £10m 10 years | £8m 25 years | £5m 10 years | £5m 10 years |
| AA | £5m 4 years | £10m 5 years | £8m 15 years | £5m 5 years | £5m 10 years |
| AA- | £5m 3 years | £10m 4 years | £8m 10 years | £5m 4 years | £5m 10 years |
| A+ | £5m 2 years | £10m 3 years | £8m 5 years | £5m 3 years | £5m 5 years |
| A | £5m 13 months | £10m 2 years | £8m 5 years | £5m 2 years | £5m 5 years |
| A- | £5m 6 months | £10m 13 months | £8m 5 years | £5m 13 months | £5m 5 years |
| BBB+ | £5m 100 days | £10m 6 months | £8m 2 years | £5m 6 months | £5m 2 years |
| BBB or BBB- | £5m next day only | £10m 100 days | n/a | n/a | n/a |
| None | £1m 6 months | n/a | £8m 25 years | £5m 5 years | £5m 5 years |
| Pooled funds | £8m per fund | | | | |

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Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank [Natwest Bank Plc].

Banks Secured: Covered bonds, reverse repurchase agreements (REPOs) and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Welsh Government and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts.

- 3.5 In March 2014 Moody's downgraded the long-term ratings of RBS and Natwest Bank to Baa1. As this rating is below the Authority's minimum credit criterion of A-, RBS was withdrawn from the counterparty list for further investment. Natwest is the Council's banker and will continue to be

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used for operational and liquidity purposes by transferring cash in and out of the instant access account as required.

- 3.6 For a group of banks under the same ownership, the banking group limit is equal to the individual bank limit.
- 3.7 Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 3.8 The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices (the cost of banks insuring themselves against default), financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 3.9 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The reduction in investment income which the Council has suffered over the last five years is illustrated in Table 2 below:

Table 2: Investment Income

| 2008/09 Interest £000 | 2009/10 Interest £000 | 2010/11 Interest £000 | 2011/12 Interest £000 | 2012/13 Interest £000 | 2013/14 Interest £000 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 2,219 | 635 | 398 | 408 | 239 | 265 |

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3.10 **Specified Investments:** The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

3.11 **Non-specified Investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement; those that are defined as capital expenditure by legislation, such as shares in money market funds and other pooled funds; and investments with bodies and schemes not meeting the definition of high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

| | Cash limit |
|--|-------------------|
| Total long-term investments | £10m |
| Total shares in money market funds | £10m |
| Total shares in other pooled funds | £10m |
| Total investments without credit ratings or rated below A- | £60m |
| Total investments in foreign countries rated below AA+ | £10m |
| Total non-specified investments | £100m |

4 **Borrowing Strategy**

4.1 Borrowing strategies continue to be influenced by the relationship between investment and borrowing rates. The interest rate forecast provided in **Annex B** indicates that an acute difference between investment and borrowing rates is expected to continue. This difference creates a “cost of carry” for any new longer term borrowing where the proceeds are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment.

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- 4.2 In view of this, the strategy which has been in place for some time now has been to reduce our investment balances and rely on internal borrowing as much as possible instead of external borrowing from the Public Works Loan Board (PWLB). This has been sustainable because the level of the Council's balances and reserves has been sufficient to avoid the need for external borrowing.
- 4.3 However, as the Corporate Plan has been progressing, we have started to undertake new borrowing to take advantage of the lower rates which are available currently before the expected rise in interest rates. We borrowed £20m during 2014 on an Equal Instalment of Principal (EIP) basis at rates of 3.5% or lower. Although this will create a cost of carry in the short term while the proceeds are temporarily held as investments, we will save in the long term because of the anticipated increase in borrowing rates which will result in higher interest costs if we delay.
- 4.4 We will continue to monitor the level of internal borrowing in relation to the level of the Council's reserves and balances throughout the year with a view to externalising borrowing if required. Capital expenditure levels, market conditions and interest rate levels will also be monitored throughout the year to ensure that external borrowing is undertaken at the right time if required.
- 4.5 While the Council can borrow from a number of banks, it normally only borrows from the Public Works Loan Board (PWLB) which is a Government body that lends to public sector organisations.

The approved sources of borrowing are listed below:

- PWLB
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Clwyd Pension Fund)
- capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues

5 Debt Rescheduling

- 5.1 The Council is able to pay off loans earlier than we have to and to replace them with cheaper loans in order to save money or to reduce the risk to the Council. Sometimes, we will replace these loans and sometimes not, depending on market conditions and interest rates.
- 5.2 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt rescheduling although occasional opportunities arise.

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6 Minimum Revenue Provision (MRP) Statement

- 6.1 The Council sets aside money each year to repay debt and this is known as the Minimum Revenue Provision (MRP). In 2015/16, this will be £10.4m.
- 6.2 There are four different methods of calculating MRP and the Council needs to say each year which methods it will use. This is known as the MRP Statement.
- 6.3 The MRP Statement will be submitted to Council before the start of the 2015/16 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.

6.4 MRP Statement

The Council will apply the Regulatory Method for supported capital expenditure which means that MRP is charged at 4% of the Council's Capital Financing Requirement (CFR).

The Council will apply the Asset Life Method for unsupported capital expenditure which means that MRP is determined by the life of the asset for which the borrowing is undertaken.

The different methods of calculation will affect how much money the Council sets aside for debt repayment. The above statement means that where the Welsh Government gives us the money to repay debt we will repay it at 4% of whatever is outstanding. Where we borrow through Prudential Borrowing we will charge an amount that lets us repay the debt over the expected life of the asset.

- 6.5 Adopting International Financial Reporting Standards (IFRS) has resulted in leases and Private Finance Initiative (PFI) schemes coming on the balance sheet. This affects how much it appears the Council has borrowed but this is effectively covered by grant payments. MRP in respect of leases and PFI schemes brought on the balance sheet under IFRS will match the annual principal repayment for the associated deferred liability. This is a technical accounting adjustment which is cost neutral for the Council.
- 6.6 MRP on housing assets funded through Prudential Borrowing is charged at 5% of the HRA's CFR. MRP on all other items such as the buy-out (see Section 8) and new builds is charged at 2% of the HRA's CFR.

7 Reporting Treasury Management Activity

- 7.1 The Section 151 Officer (Head of Finance & Assets) will report to the Corporate Governance Committee on treasury management activity / performance as follows:

Treasury Management Strategy Statement and Investment Strategy 2015/16 to 2017/18

(a) The Treasury Management Strategy Statement and Prudential Indicators will be submitted to the committee in January each year prior to approval by Council.

(b) Two treasury management updates will be submitted to the committee in January and September each year.

(c) An annual report on treasury activity will be submitted to the committee in September each year for the preceding year prior to approval by Cabinet.

A treasury update showing the latest investment and borrowing position will be included in the monthly Revenue Monitoring report and borrowing will also be reported on in the Capital Plan to Council.

8 Housing Revenue Account Subsidy (HRAS) Reform

8.1 Background

After lengthy negotiations the Welsh Government and HM Treasury have reached an agreement that will allow the eleven Authorities in Wales with council housing stock to exit from the Housing Revenue Account (HRA) subsidy system and become self-financing from April 2015. The agreement has two parts: firstly authorities will be required to buy their way out of the current HRA subsidy system with a one off payment that is referred to as the "Settlement figure" and secondly Authorities will be subject to a cap on HRA borrowing. The introduction of self-financing from April 2015 will give authorities the resources, incentives and opportunity to provide good quality, well managed council homes and plan for the long term with certainty.

8.2 The Settlement Figure

The eleven landlord Authorities currently make annual HRA negative subsidy payments to HM Treasury. The settlement will effectively buy Authorities out of the requirement to make these payments from April 2015. HM Treasury requires that the settlement is 'fiscally neutral over the long term'. This will require eleven Authorities to take out loans from the PWLB to fund their share of the settlement figure. Under the terms of the agreement with the Treasury the agreed £40million interest will be converted to a total settlement value using the PWLB 30 year maturity rate. The exact settlement figure will depend on the interest rate for PWLB loans on 31 March 2015. These new arrangements will increase HRA resources for every Authority as the annual negative subsidy payments which currently total £73 million for the eleven Authorities will be replaced with £40million of interest payments on PWLB loans. After Minimum Revenue Provision (MRP) payments are taken into account, the eleven Authorities are expected to be better off each year. Denbighshire pays £3.1m over to the Welsh Government however under the new system the estimated amount for interest is £1.7m resulting in £1.4m being retained locally. However, MRP payments will be set aside in accordance with Section 6 above and is likely to be around £800k per annum.

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8.3 Interest Rate Risk

The estimated settlement figure for Denbighshire was £39m as set out in a national consultation paper and was based on the 30 year maturity rate as at 12 March 2013 of 4.35%. The current rate is 3.23% and the final rate will not be known until the day of the settlement, 31 March 2015. The movement in rates means the settlement figure is variable and could range from £39m to £55m or more using the proposed methodology. Because of the uncertainty presented by the movement in rates and the impact on the settlement value, consideration is being given at a national level to ways of mitigating these risks and ensuring that all authorities are satisfied with the financial impact on their Housing Stock Business Plans. Whilst the amount of interest we pay will be the same, the amount we have to borrow will increase if interest rates reduce so we will be required to set aside more revenue provision to repay debt. This means that there will be less funding available for new building. The ratio of HRA financing costs to net revenue stream is about 25% currently and this level will need to be monitored carefully to ensure that the HRA buy-out remains affordable for the Council.

8.4 Borrowing Limits

The Council's current debt is £148m but this will increase to nearly £200m when we borrow to buy ourselves out of the subsidy scheme to become self-financing. The borrowing limits shown in the Prudential Indicators were amended in 2014/15 to cover this borrowing as it was originally thought the transaction would occur in 2014/15.

8.5 Borrowing Cap

The HRA exit agreement with HM Treasury will impose an aggregate HRA borrowing cap on the eleven Authorities in Wales. The HRA Borrowing limit will include existing borrowing, investment to bring council owned homes up to the Welsh Housing Quality Standard (WHQS) by 2020, cost of the settlement figure and the remaining will be available to fund local investment priorities. In Denbighshire's case, WHQS has been achieved so the allowance is to ensure there is sufficient headroom for the Standard to be maintained. The ceiling for all Wales limit of indebtedness has been set at £1,850 billion with the level of indebtedness for Denbighshire being set as £91,881,180 but this is based on the original settlement figure of £39m so will be subject to change. Imposition of an HRA borrowing cap on Welsh Authorities requires UK Government legislation and this is being put in place via the Wales Bill which is progressing through the UK Parliamentary process. However it is uncertain whether the legislation and necessary arrangements will be in place before April 2015. This will make it necessary for the eleven authorities to sign individual voluntary agreements with Welsh Government, agreeing to their individual borrowing cap. The proposed agreement was approved by County Council on 9 December.

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8.6 Debt Pools

As part of the new Local Authority Self Financing System alternative approaches to the treatment of HRA debt within an Authority's Loan Pool have been suggested. Local Authorities have three options to account for HRA debt. The first is to split the debt between County Fund and HRA debt pools. The second is to adopt a three pool approach and the third is to retain a one pool approach. The approach is being reviewed however the preferred option is to retain a one pool approach but to ensure that costs are apportioned equitably between the CF and HRA. This is the approach that is adopted with the Council's borrowing in general because although we borrow for a number of capital purposes such as Highways and Education, it is not possible to match individual loans to specific schemes.

9 Other items

9.1 Investment Training

9.1.1 Member Training

The CIPFA Code of Practice on Treasury Management requires the Section 151 Officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

The Council has nominated the Corporate Governance Committee as the committee which has responsibility for scrutiny of the treasury management function. Annual training requirements will be agreed with the Corporate Governance Committee.

9.1.2 Staff Training

Staff attend training courses, seminars and conferences provided by Arlingclose and CIPFA. There is a team of three members of staff who cover TM duties on a rota basis to ensure that their knowledge is kept up to date. These members of staff are also members of professional accountancy bodies including the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Accounting Technicians (AAT).

9.2 Treasury Management Advisers

The Council uses Arlingclose Ltd as Treasury Management Advisers and receives the following services:

- Credit advice
- Investment advice
- Borrowing advice

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- Technical accounting advice
- Economic & interest rate forecasts
- Workshops and training events

The Council maintains the quality of the service with its advisers by holding quarterly strategy meetings and tendering every 5 years. Following a recent tendering exercise, the contract was renewed with Arlingclose from 01 January 2014 for three years with an option to extend for a further two year period.

9.3 Investment of Money Borrowed in Advance of Need

The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £260 million. The maximum period between borrowing and expenditure is expected to be three years, although the Authority is not required to link particular loans with particular items of expenditure.

9.4 Policy on Use of Financial Derivatives

In the absence of any legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

9.5 Abolition of the PWLB

The Department of Communities and Local Government (CLG) has confirmed that HM Treasury (HMT) will be taking the necessary legislative steps to abolish the PWLB in the coming months. The CLG has stated that it will have no impact on existing loans held by local authorities or the government's policy on local authority borrowing. Despite its abolition, HMT has confirmed that its lending functions will continue unaffected albeit under a different body so that local authorities will continue to access borrowing at rates which offer good value for money.

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ANNEX A

PRUDENTIAL INDICATORS 2015/16 TO 2017/18

1 Background

- 1.1 The indicators are calculated to demonstrate that the Council's borrowing is affordable and are underpinned by the following regulations. There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2 Gross Debt and the Capital Financing Requirement

- 2.1 This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.
- 2.2 The Section 151 Officer reports that the Council had no difficulty meeting this requirement in 2014/15 to date nor are there any difficulties envisaged in future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3 Estimates of Capital Expenditure

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

| Capital Expenditure | 2014/15 Approved £000 | 2014/15 Revised £000 | 2015/16 Estimate £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 |
|------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Council Fund | 23,903 | 27,093 | 9,950 | 4,705 | 4,705 |
| Corporate Plan – Approved | 2,246 | 12,340 | 18,173 | 2,418 | 394 |
| Corporate Plan – Proposed | 11,649 | 787 | 13,089 | 30,140 | 28,222 |
| HRA | 6,178 | 5,232 | 55,313 | 9,154 | 9,563 |
| Total | 43,976 | 45,452 | 96,525 | 46,417 | 42,884 |

The Corporate Plan has been divided in the table above between those elements which have been approved and those which are proposed at this stage. The indicators below incorporate both elements of the Corporate Plan.

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3.2 Capital expenditure will be financed as follows:

| Capital Financing | 2014/15 Approved £000 | 2014/15 Revised £000 | 2015/16 Estimate £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 |
|----------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Council Fund | | | | | |
| Capital Receipts | | 1,738 | | | |
| Grants & Contributions | 9,015 | 13,344 | 3,469 | 1,742 | 1,742 |
| Revenue Contributions & Reserves | 729 | 888 | 299 | | |
| Supported Borrowing | 5,702 | 4,754 | 3,099 | 2,863 | 2,863 |
| Prudential Borrowing | 8,457 | 6,369 | 3,083 | 100 | 100 |
| | 23,903 | 27,093 | 9,950 | 4,705 | 4,705 |
| Corporate Plan | | | | | |
| Capital Receipts | | | | | |
| Grants & Contributions | 2,834 | 803 | 12,095 | 9,952 | 16,920 |
| Revenue Contributions & Reserves | 1,976 | 3,718 | 10,470 | 3,263 | 3,892 |
| Supported Borrowing | 100 | | | | |
| Prudential Borrowing | 8,985 | 8,606 | 8,697 | 19,343 | 7,804 |
| | 13,895 | 13,127 | 31,262 | 32,558 | 28,616 |
| Total | 37,798 | 40,220 | 41,212 | 37,263 | 33,321 |
| | | | | | |
| HRA | | | | | |
| Capital Receipts | 38 | 42 | 22 | 23 | 24 |
| Grants & Contributions | 2,400 | 2,400 | 2,630 | 3,108 | 3,125 |
| Revenue Contributions & Reserves | 943 | 743 | 150 | 1,739 | 1,811 |
| Supported Borrowing | | | 48,000 | | |
| Prudential Borrowing | 2,797 | 2,047 | 4,511 | 4,284 | 4,603 |
| Total | 6,178 | 5,232 | 55,313 | 9,154 | 9,563 |

4 Ratio of Financing Costs to Net Revenue Stream

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. It shows how much of its budget the Council uses to repay debt and interest.

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4.2 The ratio is based on costs net of investment income.

| Ratio of Financing Costs to Net Revenue Stream | 2014/15 Approved £000 | 2014/15 Revised £000 | 2015/16 Estimate £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 |
|--|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Financing Costs | 13,002 | 13,330 | 13,268 | 13,508 | 13,689 |
| Net Revenue Stream | 187,683 | 188,183 | 184,756 | 180,518 | 176,547 |
| Council Fund Ratio | 6.93% | 7.08% | 7.18% | 7.48% | 7.75% |
| Financing Costs | 3,249 | 3,202 | 5,422 | 6,831 | 7,096 |
| Net Revenue Stream | 13,260 | 13,055 | 13,607 | 14,425 | 15,110 |
| HRA Ratio | 24.50% | 24.53% | 39.85% | 47.36% | 46.96% |

Note that the HRA ratio has increased because of the increased borrowing costs which will be incurred to buy ourselves out of the subsidy system but as a result of this buy-out, subsidy payments will no longer be due so the Council will benefit overall. The estimated subsidy payment in 2014/15 is £3.3m so the increase in financing costs should be considered alongside the removal of the requirement to pay the subsidy.

5 Capital Financing Requirement

5.1 The Capital Plan relies on various sources of finance i.e. grants, contributions and capital receipts. Once these are used up, we need to rely on borrowing and the Capital Financing Requirement (CFR) is the amount we need to borrow. Our borrowing shouldn't therefore go above the CFR. The Council's CFR and borrowing levels are compared in the table below for the current and future years.

| Capital Financing Requirement | 31/03/15 Approved £000 | 31/03/15 Revised £000 | 31/03/16 Estimate £000 | 31/03/17 Estimate £000 | 31/03/18 Estimate £000 |
|-------------------------------|------------------------|-----------------------|------------------------|------------------------|------------------------|
| Council Fund | 161,803 | 157,711 | 165,126 | 179,672 | 182,097 |
| HRA | 31,705 | 29,610 | 79,179 | 80,296 | 81,519 |
| PFI | 10,437 | 10,437 | 10,058 | 9,627 | 9,183 |
| Total CFR | 203,945 | 197,758 | 254,363 | 269,595 | 272,799 |
| Total Debt | 161,598 | 154,773 | 218,511 | 240,662 | 252,499 |

6 Incremental Impact of Capital Investment Decisions

6.1 This indicator shows how much of the Council Tax income is spent on paying debt interest.

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| Incremental Impact of Capital Investment Decisions | 2014/15 Approved £ | 2015/16 Estimate £ | 2016/17 Estimate £ | 2017/18 Estimate £ |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Increase in Band D Council Tax due to: | | | | |
| Prudential Borrowing | 3.47 | 4.60 | 2.63 | 2.63 |
| Capital Receipts | 0.00 | 0.00 | 0.00 | 0.00 |
| Reserves | 0.55 | 2.76 | 0.00 | 0.00 |
| Total | 4.02 | 7.36 | 2.63 | 2.63 |
| Average Weekly Housing Rents | 1.01 | 0.95 | 1.00 | 1.00 |

6.2 This indicator shows the equivalent impact on Council Tax of the decision to undertake Prudential Borrowing as well as the investment interest lost by using capital receipts and reserves to part fund the Capital Plan. The impact of supported borrowing has not been included because it is assumed that the Council would always spend its supported borrowing to fund its Capital Plan.

6.3 The increases in council house rents reflect the additional costs of financing the borrowing to be undertaken each year as part of the Housing Stock Business Plan with the aim to attain the Welsh Housing Quality Standard. The indicator illustrates the impact of each year's capital expenditure and new borrowing on weekly rents.

7 **Authorised Limit & Operational Boundary for External Debt**

7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

7.2 The **Authorised Limit** sets the maximum level of external borrowing. It is measured on a daily basis against all external borrowing items on the Balance Sheet i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices. This is reported as a part of the Capital Monitoring Report.

7.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

7.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the

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Affordable Limit) and if it is breached, it would be reported to the next Council meeting.

| Authorised Limit for External Debt | 2014/15 Approved £000 | 2014/15 Revised £000 | 2015/16 Estimate £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 |
|------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Borrowing | 220,000 | 220,000 | 260,000 | 280,000 | 290,000 |

The Welsh Government has concluded negotiations with HM Treasury regarding the reform of the HRA subsidy system in Wales. We will need to borrow between £39m and £55m on 02/04/15 to buy ourselves out of the subsidy scheme to become self-financing so the borrowing limits shown above include an additional £55m from 2014/15 to cover this borrowing.

- 7.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

| Operational Boundary for External Debt | 2014/15 Approved £000 | 2014/15 Revised £000 | 2015/16 Estimate £000 | 2016/17 Estimate £000 | 2017/18 Estimate £000 |
|--|--------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Borrowing | 215,000 | 215,000 | 255,000 | 275,000 | 285,000 |

8 Adoption of the CIPFA Treasury Management Code

- 8.1 This indicator demonstrates that the Council has adopted the principles of best practice. The Council adopted the original Code in March 2002. A revised Code was issued in November 2009 and another in November 2011. One of the recommendations is that the Code is adopted by Council.

| Adoption of the CIPFA Code of Practice in Treasury Management |
|--|
| The Council approved the adoption of the revised CIPFA Treasury Management Code (Nov 2011) at its meeting on 28 February 2012. |

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

- 9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on a net interest paid basis (i.e. interest paid on fixed rate debt net of interest received on fixed rate investments).
- 9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

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| | 2014/15 Approved % | 2015/16 Estimate % | 2016/17 Estimate % | 2017/18 Estimate % |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Upper Limit for Fixed Interest Rate Exposure | 100 | 100 | 100 | 100 |
| Upper Limit for Variable Rate Exposure | 40 | 40 | 40 | 40 |

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

10 Maturity Structure of Fixed Rate borrowing

10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

| Maturity structure of fixed rate borrowing | Actual % | Lower Limit % | Upper Limit % |
|---|---------------------|--------------------------|--------------------------|
| under 12 months | 1.64 | 0 | 30 |
| 12 months and within 24 months | 2.00 | 0 | 30 |
| 24 months and within 5 years | 4.63 | 0 | 30 |
| 5 years and within 10 years | 6.10 | 0 | 30 |
| 10 years and above | 85.63 | 50 | 100 |

11 Credit Risk

11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

11.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

11.3 The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

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- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP;
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

11.4 The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

12 Upper Limit for total principal sums invested over 364 days

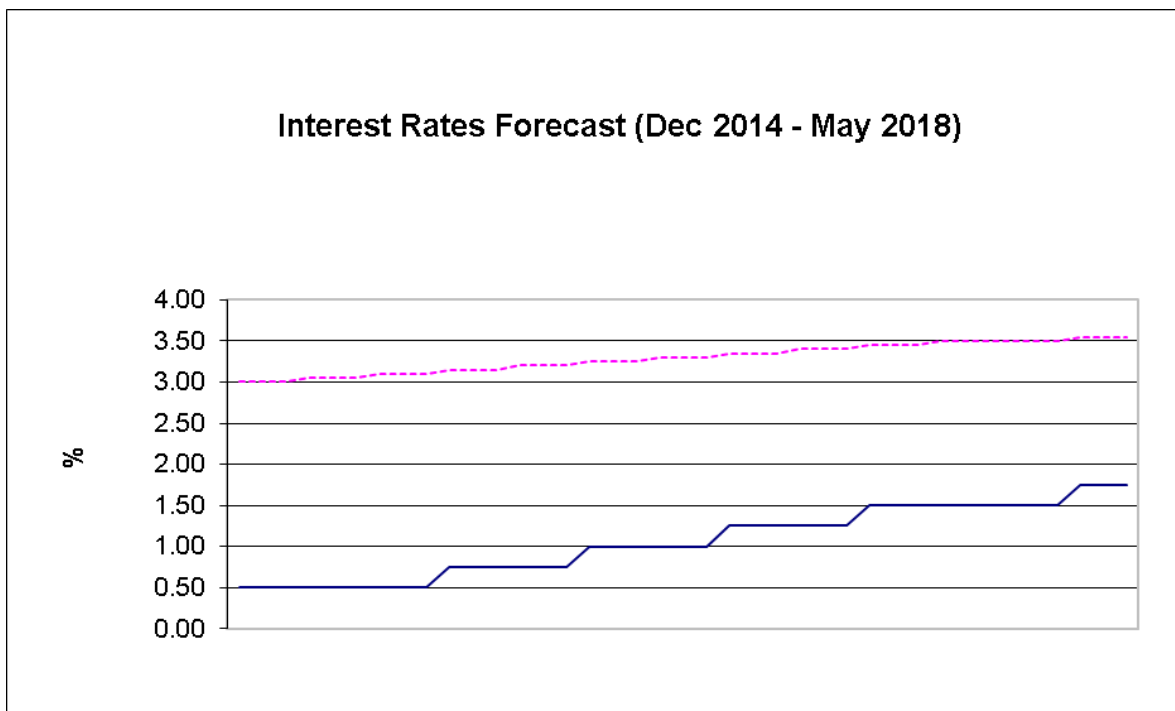
12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

| Upper Limit for total principal sums invested over 364 days | 2014/15 Approved £m | 2015/16 Estimate £m | 2016/17 Estimate £m | 2017/18 Estimate £m |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | 10.00 | 10.00 | 10.00 | 10.00 |

INTEREST RATES FORECAST

The graph below shows the interest rate forecast for the Official UK Bank Rate and the 50 year GILT rate from December 2014 to May 2018. The Official Bank Rate influences the rate at which the Council can invest. The GILT rate is the rate at which the Government borrows money and therefore this affects the rate at which we can borrow from the PWLB which is approximately 1% above GILT rates.

As the graph shows, it's much more expensive to borrow than to invest at the moment with the Official UK Bank Rate expected to increase gradually over the period. The graph illustrates that the difference between investment and borrowing rates is approximately 3%. This means that the cost of carry referred to in paragraph 4.1 in **Appendix 1** is approximately £30,000 for every £1m borrowed because the Council could borrow for 50 years at a rate of approximately 4% but could only invest at a rate of approximately 1%.



— Official Bank Rate
- - - 50-yr GILT Rate

Treasury Management Strategy Statement and Investment Strategy 2015/16 to 2017/18

GLOSSARY - Useful guide to Treasury Management Terms and Acronyms

| | |
|-------------------------|---|
| BANK OF ENGLAND | UK's Central Bank |
| BANK RATE | Bank of England Interest Rate (also known as Base Rate) |
| CPI | Consumer Price Index – a measure of the increase in prices |
| RPI | Retail Price Index – a measure of the increase in prices |
| DMO | Debt Management Office – issuer of gilts on behalf of HM Treasury |
| FSA | Financial Services Authority - the UK financial watchdog |
| GDP | Gross Domestic Product – a measure of financial output of the UK |
| LIBID | London Interbank Bid Rate - International rate that banks lend to other banks |
| LIBOR | London Interbank Offer Rate – International rate that banks borrow from other banks (the most widely used benchmark or reference for short term interest rates) |
| PWLB | Public Works Loan Board – a Government department that lends money to Public Sector Organisations |
| MPC | Monetary Policy Committee - the committee of the Bank of England that sets the Bank Rate |
| LONG TERM RATES | More than 12 months duration |
| SHORT TERM RATES | Less than 12 months duration |
| BOND (GENERAL) | An investment in which an investor loans money to a public or private company that borrows the funds for a defined period of time at a fixed interest rate |
| GOVERNMENT BOND | A type of bond issued by a national government generally with a promise to pay periodic interest payments and to repay the face value on the maturity date |
| CORPORATE BOND | A type of bond issued by a corporation to raise money in order to expand its business |

Treasury Management Strategy Statement and Investment Strategy 2015/16 to 2017/18

| | |
|---------------------|--|
| COVERED BOND | A corporate bond issued by a financial institution but with an extra layer of protection for investors whereby the investor has recourse to a pool of assets that secures or “covers” the bond if the financial institution becomes insolvent |
| GILT | A bond that is issued by the British government which is classed as a low risk investment as the capital investment is guaranteed by the government |
| REPO | A repurchase agreement involving the selling of a security (usually bonds or gilts) with the agreement to buy it back at a higher price at a specific future date For the party selling the security (and agreeing to repurchase it in the future) it is a REPO For the party on the other end of the transaction e.g. the local authority (buying the security and agreeing to sell in the future) it is a reverse REPO |
| FTSE 100 | Financial Times Stock Exchange 100 - An index composed of the 100 largest companies listed on the London Stock Exchange which provides a good indication of the performance of major UK companies |

Mae tudalen hwn yn fwriadol wag

Treasury Management (TM) Update Report

1 Changes in the external environment

Economic Outlook

- 1.1 Over the past few weeks we have seen sharp movements in market signals driven by deteriorating global growth prospects, especially in the Eurozone. Many of the international leading economic indicators have started to flash warnings of a period of instability ahead.
- 1.2 There is political uncertainty regarding the outcome of the forthcoming presidential election in Greece which could increase the prospects of a Greek exit from the Eurozone. The collapse in crude oil prices is also continuing and the combined effect of these factors is causing volatility in stock markets around the world.

2 Investment Strategy

- 2.1 As a result of the increased risks, we felt it was prudent to make a number of amendments to our strategy as highlighted below. These amendments were approved by full Council in November 2014.

Bank Deposits

- 2.2 Conventional bank deposits will become riskier during 2015/16 because of a lower likelihood that the UK and other governments will support failing banks in the future. As the Banking Reform Act 2014 is implemented in the UK from January 2015, banks will no longer be able to rely on government bail-outs if they get into difficulty. They will be required instead to bail themselves out by taking a proportion of investors' deposits to build up their capital. This new risk has been termed 'bail-in' risk and is potentially a greater risk to investors than the 'bail-out' risk of the past.
- 2.3 There are many investors such as companies and charities which will be protected but local authorities' deposits will not be eligible for protection because public authorities have much better access to credit than citizens.
- 2.4 As a result of the removal of government support, there is a risk of major UK banks being downgraded to the "BBB" category which was lower than DCC's acceptable minimum credit rating of "A-". This meant that we amended our Treasury Management Strategy Statement (TMSS) to allow investment in lower rated banks to ensure that we can continue to invest in the major UK banks should they be downgraded.

- 2.5** It was also prudent to reduce our duration limits for unsecured bank and building society investments from 1 year to 6 months in most cases. The only exception to this was the Barclays Bank limit which was reduced further to 100 days.

Reverse Repurchase Agreements (REPOs)

- 2.6** These involve the purchase of a security (usually bonds, gilts or other government securities) tied to an agreement to sell it back later at a pre-determined date and price. REPOs provide protection through the ownership of collateral in the form of securities which is significantly more secure than investing in unsecured bank deposits. (The glossary in Appendix 1 provides definitions of the various treasury terms used)
- 2.7** These are therefore secured investments with banks which are exempt from bail-in risk so they offer a safer alternative at similar rates to unsecured bank deposits. We amended the TMSS to include REPOS in the list of approved investment instruments.
- 2.8** It is likely that we will begin to use these investments from April 2015 and the minimum investment amount is likely to be £10m.

Covered Bonds

- 2.8** These are also secured investments with banks which are exempt from bail-in risk and they offer a secure option for our long term investments. We amended the TMSS to include the word 'securities' within the table on Approved Investment Counterparties to ensure that we could use covered bonds.
- 2.9** The Council has also been investing with the UK Government's Debt Management Office and other local authorities and this option has been used when safe limits have been reached with financial institutions.

3 Borrowing Strategy

- 3.1** Following the loans we undertook in February / March 2014, it was anticipated that rates would increase. The rates remained low however and we took advantage of this in August by taking out a new loan for £10m at a rate of 3.5% over a 23.5 year period on an Equal Instalment of Principal (EIP) basis.
- 3.2** This action was taken as the Corporate Plan is now progressing so we will be using our reserves. Borrowing rates are expected to rise at some point so we will continue to monitor interest rates throughout the year to ensure that we undertake further borrowing if required at the most advantageous time.

- 3.3** Although this will create a cost of carry while the proceeds are temporarily held as investments, we will save in the long term because of the anticipated increase in borrowing rates which will result in higher interest costs. For example, a 1% increase in the rates would cost us approximately £1.2m more in interest based on the example above of a £10m loan over a 23.5 year period.

4 Controls

4.1 Prudential Indicators

The Council sets prudential indicators which set boundaries within which our treasury management activity operates. The indicators are calculated to demonstrate that the Council's borrowing is affordable and include measures that show the impact of capital and borrowing decisions over the medium term. The Council has remained within all of its borrowing and investment limits for 2014/15 agreed by Council in February 2014. The Council has not deviated from the Capital related indicators either.

4.2 Audit Reviews

Following a positive internal audit review in February 2014, the next audit review will be undertaken in February 2015.

5 Future

5.1 Housing Revenue Account Subsidy Reform

The Welsh Government has concluded negotiations with HM Treasury regarding the reform of the HRA subsidy system in Wales. We will need to borrow between £39m and £55m on 02/04/15 to buy ourselves out of the subsidy scheme to become self-financing.

5.2 TM Strategy for next six months

As stated above, we will be borrowing between £39m and £55m on 02/04/15 for the HRA buy-out. As the Corporate Plan is progressing, we will continue to review our cash position to ensure that we undertake further borrowing if required. The Council will also monitor market conditions and interest rate levels to ensure that external borrowing is undertaken at the optimal time in line with our TM strategy.

5.3 Private Finance Initiative (PFI)

The Council has a PFI scheme which is shown on the Balance Sheet at a value of £10m. We are currently reviewing the TM implications of the scheme.

5.4 Reports

The next reports will be the annual TM Report 2014/15 and the TM Update Report 2015/16 which will be reported to the Corporate Governance Committee in September.

Yn rhinwedd Paragraff(au) 14 Rhan 4, Atodlen 12A
Deddf Llywodraeth Leol 1972.

Document is Restricted

Mae tudalen hwn yn fwriadol wag

Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol

| | | | |
|-----------------------|----|--|--|
| | | | |
| 25 Mawrth 2015 | | Eitemau Sefydlog | |
| | | | |
| | 1 | Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio | Cydlynnydd Archwilio, Rhian Evans |
| | 2 | Adroddiadau Rheoleiddio Allanol Diweddar a Dderbyniwyd | Pennaeth Busnes, Cynllunio a Pherfformiad, Alan Smith / Keith Amos |
| | 3 | Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar | Y Cynghorwyr Martyn Holland / Hugh Evans |
| | 4 | Rhaglen Gwaith i'r Dyfodol | |
| | | | |
| | | Adroddiadau | |
| | 5 | Proses Cyllideb 2016/17 | Pennaeth Cyllid ac Asedau, Paul McGrady |
| Tudalen 127 | 6 | Cynllun Gwella Llywodraethu | Pennaeth Archwilio Mewnol, Ivan Butler |
| | 7 | Strategaeth Archwilio Mewnol | Pennaeth Archwilio Mewnol, Ivan Butler |
| | 8 | Adroddiad am Nifer y cwynion a ddaeth i law | Pennaeth Cwsmeriaid a Chefnogaeth Addysg, J. Walley |
| | 9 | Strategaeth Rheoli Gwybodaeth, Adroddiad Rheoli Gwybodaeth | Rheolwr Gwybodaeth Corfforaethol, Craig Berry |
| | 10 | Pwyllgor Llywodraethu Corfforaethol – Diweddariad Cylch Gorchwyl | Pennaeth y Gwasanaethau Cyfreithiol, AD a Democraataidd, Gary Williams |
| | 11 | Adolygiad Hamdden Clwyd - Adroddiad Diweddar | Cyfarwyddwr Corfforaethol: Uchelgais Economaidd a Chymunedol, Rebecca Maxwell / Hannah L Jones |
| | 12 | Swyddfa Archwilio Cymru - Adroddiad ar Weithgarwch | Swyddfa Archwilio Cymru |
| | 13 | Adroddiad ar y Cyfansoddiad Enghreifftiol Newydd | Pennaeth y Gwasanaethau Cyfreithiol, AD a Democraataidd, Gary Williams |
| | | | |
| 20 Mai 2015 | | Eitemau Sefydlog | |
| | 1 | Materion a Gyfeiriwyd gan y Pwyllgorau Archwilio | Cydlynnydd Archwilio, Rhian Evans |
| | 2 | Adroddiadau Rheoleiddio Allanol Diweddar a | Pennaeth Busnes, Cynllunio a Pherfformiad, |

Rhaglen Gwaith i'r Dyfodol y Pwyllgor Llywodraethu Corfforaethol

| | | | |
|--|---|--|---|
| | | Dderbyniwyd | Alan Smith / Keith Amos |
| | 3 | Adroddiad Cynnydd Archwilio Mewnol | Pennaeth y Gwasanaethau Archwilio Mewnol, Ivan Butler / Y Cynghorydd Julian Thompson-Hill |
| | 4 | Adborth o'r Cyfarfod Cydraddoldeb Corfforaethol – adroddiad llafar | Y Cynghorwyr Martyn Holland / Hugh Evans |
| | 5 | Rhaglen Gwaith i'r Dyfodol | |
| | | | |
| | | Adroddiadau | |
| | 6 | Proses Cyllideb 2016/17 | Pennaeth Cyllid ac Asedau, Paul McGrady |
| | 7 | Adroddiad Blynyddol Archwilio Mewnol | Pennaeth y Gwasanaethau Archwilio Mewnol, Ivan Butler / Y Cynghorydd Julian Thompson-Hill |
| | | | |

Tudalen 128

128. Nid yw union ddyddiad cyhoeddi adroddiadau achlysurol gan er enghraifft Swyddfa Archwilio Cymru neu Adroddiadau Blynyddol gan yr Ombwdsmon yn hysbys ar hyn o bryd. Bydd dyddiad cyfarfod yn cael ei neilltuo ar eu cyfer gynted ag y bo'n ymarferol.