

Public Document Pack



To: Members of the County Council

Date: Monday, 27 October
2014

Direct Dial: 01824712589

e-mail: dcc_admin@denbighshire.gov.uk

Dear Councillor

You are invited to attend a meeting of the **COUNTY COUNCIL** to be held at 10.00 am on **TUESDAY, 4 NOVEMBER 2014** in **COUNCIL CHAMBER, COUNTY HALL, RUTHIN LL15 1YN**.

Yours sincerely

G Williams
Head of Legal and Democratic Services

AGENDA

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

1 APOLOGIES

2 DECLARATIONS OF INTEREST (Pages 5 - 6)

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

3 URGENT MATTERS AS AGREED BY THE CHAIR

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

4 CHAIRMAN'S DIARY

To note the civic engagements undertaken by the Chairman of the Council (copy attached).

5 MINUTES (Pages 7 - 14)

To receive the minutes of the meeting of County Council held on the 7th October, 2014 (copy enclosed).

6 COUNTY COUNCIL FORWARD WORK PROGRAMME (Pages 15 - 16)

To consider the Council's forward work programme (copy enclosed).

7 DENBIGHSHIRE'S WELLBEING PLAN 2014-18 - SUPPORTING INDEPENDENCE AND RESILIENCE (Pages 17 - 34)

To consider a report by the Partnerships and Communities Team Manager (copy enclosed) which details Denbighshire's Well-being Plan, Supporting Independence and Resilience, prior to its publication.

8 TREASURY MANAGEMENT STRATEGY STATEMENT (Pages 35 - 62)

To consider a report by the Head of Finance and Assets (copy enclosed) on the Treasury Management Strategy Statement.

9 BUDGET PROTOCOL (Pages 63 - 68)

To consider a report by the Head of Legal and Democratic Services (copy enclosed) on an agreed process for Members to put forward amendments and alternatives to the budget proposals to be considered by Council.

10 LOCAL AUTHORITIES (STANDING ORDERS) (WALES) (AMENDMENT) REGULATIONS 2014

To consider a report by the Head of Legal and Democratic Services (copy enclosed) which advises Council of changes introduced by the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014.

MEMBERSHIP

Councillors

Councillor Brian Blakeley (Chair)

Councillor Gwyneth Kensler (Vice-Chair)

Ian Armstrong

Geraint Lloyd-Williams

Raymond Bartley
Joan Butterfield
Jeanette Chamberlain-Jones
Bill Cowie
Ann Davies
James Davies
Meirick Davies
Richard Davies
Stuart Davies
Peter Duffy
Hugh Evans
Peter Evans
Bobby Feeley
Carys Guy
Huw Hilditch-Roberts
Martyn Holland
Colin Hughes
Rhys Hughes
Hugh Irving
Alice Jones
Huw Jones
Pat Jones

Margaret McCarroll
Jason McLellan
Barry Mellor
Win Mullen-James
Bob Murray
Peter Owen
Dewi Owens
Merfyn Parry
Paul Penlington
Arwel Roberts
Gareth Sandilands
David Simmons
Barbara Smith
David Smith
Bill Tasker
Julian Thompson-Hill
Joe Welch
Cefyn Williams
Cheryl Williams
Eryl Williams
Huw Williams

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DEDDF LLYWODRAETH LEOL 2000

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

Agenda Item 4

Digwyddiadau wedi eu mynychu gan y Cadeirydd / Events attended by Chairman

29.09.14 – 24.10.14

Dyddiad / Date	Digwyddiad / Event	Lleoliad / Location
02/10/14	Agoriad Swyddogol Canolfan Fowlio Gogledd Cymru Official Opening of the North Wales Bowls Centre	Rhyl
04/10/14	Noson Gerddorol Elusen a Datganiad ar yr Organ Charity Musical Evening and Organ Recital	Prestatyn
05/10/14	Maer Gwasanaeth Dinesig Prestatyn Mayor of Prestatyn's Civic Service	Prestatyn
05/10/14	Digwyddiad Gogledd Cymru Superkids Blynyddol North Wales Annual Superkids Event	Yr Wyddgrug Mold
08/10/14	Dirprwyo Pwyleg - Swyddogol Croeso i Sir Ddinbych Polish Delegation – Official Welcome to Denbighshire	Rhuthun Ruthin
09/10/14	Gwobrau Chwaraeon Cymunedol Sir Ddinbych Denbighshire Community Sports Awards	Llangollen
10/10/14	Lluoedd Arfog Cyfamod Cymunedol Partneriaeth Digwyddiad Gwybodaeth Armed Forces Community Covenant Partnership Information Event	Rhyl
10/10/14	Eich Gwobrau Hyrwyddwyr 2014 Your Champions Awards 2014	Llandudno
10/10/14	Cinio ffurfiol gyda'r Dirprwyo Pwyl Formal dinner with the Polish Delegation Is Gadeirydd wedi mynychu Vice Chair attended	Dinbych Denbigh

12/10/14	Maer Gwasanaeth Dinesig Caerwys Mayor of Caerwys' Civic Service	Caerwys
17/10/14	Maer Cinio Dawns Elusennol Wreccsam Mayor of Wrexham's Charity Dinner Dance	Wreccsam Wrexham
18/10/14	Gwyl Gwyd Llangollen 2014 Llangollen Food Festival 2014	Llangollen
19/10/14	Cadeirydd Pwdinau Just Prynawn Sir y Fflint Chairman of Flintshire's Just Desserts Afternoon	Mancot
20/10/14	Food Dudes: Ymweliadau â Ysgol Tir Morfa ac Ysgol Plas Brondyffryn Food Dudes: Visits to Ysgol Tir Morfa and Ysgol Plas Brondyffryn	Dinbych a'r Rhyl Denbigh and Rhyl
22/10/14	Ymweliad gan Gyngor 2 Ysgol Gynradd Visit from 2 Primary School Councils	Rhuthun Ruthin
23/10/14	Pen-blwydd Priodas Ddiemwnt - Gwenfron ac Elwyn Lewis Diamond Wedding Anniversary – Gwenfron and Elwyn Lewis	Rhuddlan
23/10/14	Mae Heddlu Gogledd Cymru a Chomisiynydd Trosedd Seremoni Wobrwyo Cymunedau yn Gyntaf North Wales Police and Crime Commissioner First Community Awards Ceremony	Abergele
24/10/14	Lansio Apêl y Pabi Poppy Appeal Launch	Rhyl

COUNTY COUNCIL

Minutes of a meeting of the County Council held in Council Chamber, County Hall, Ruthin LL15 1YN on Tuesday, 7 October 2014 at 10.00 am.

PRESENT

Councillors Raymond Bartley, Brian Blakeley (Chair), Joan Butterfield, Jeanette Chamberlain-Jones, Bill Cowie, Ann Davies, James Davies, Meirick Davies, Richard Davies, Stuart Davies, Hugh Evans, Peter Evans, Bobby Feeley, Carys Guy, Huw Hilditch-Roberts, Martyn Holland, Colin Hughes, Hugh Irving, Alice Jones, Huw Jones, Pat Jones, Gwyneth Kensler (Vice-Chair), Geraint Lloyd-Williams, Jason McLellan, Barry Mellor, Bob Murray, Peter Owen, Merfyn Parry, Paul Penlington, Arwel Roberts, Gareth Sandilands, David Simmons, Barbara Smith, David Smith, Bill Tasker, Julian Thompson-Hill, Joe Welch, Cefyn Williams and Eryl Williams

ALSO PRESENT

Chief Executive (MM), Corporate Director: Economic and Community Ambition (RM), Corporate Director: Social; Services (NS), Head of Legal and Democratic Services and Monitoring Officer (RGW), Head of Communication, Marketing and Leisure (JG), Head of Finance and Assets (PM), Head of Business, Improvement and Modernisation (AS), Democratic Services Manager (SP) and Committee Administrator (CIW).

1 APOLOGIES

Apologies for absence were received from Councillors Ian Armstrong, Rhys Hughes, Margaret McCarroll, Win Mullen-James, Dewi Owens, Cheryl Williams and Huw Williams.

2 DECLARATIONS OF INTEREST

No Members declared any personal or prejudicial interests in any business identified to be considered at the meeting.

3 URGENT MATTERS AS AGREED BY THE CHAIR

No items were raised which in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

4 CHAIRMAN'S DIARY

A list of civic engagements undertaken for the Council by the Chair and Vice Chair, for the period the 7th September, 2014 to 28th September, 2014 had been circulated with the papers for the meeting.

RESOLVED – *that the list of civic engagements undertaken for the Council by the Chair and Vice Chair be received.*

5 MINUTES

The minutes of the Council meeting held on the 9th September, 2014 were submitted.

Accuracy:-

6. North Wales Fire and Rescue Authority – Councillor S.A. Davies explained that he had expressed concerns regarding the possibility of having to justify the proposed cuts implemented by the North Wales Fire and Rescue Authority.

Matters arising:-

9. Reforming Local Government – The HLDS responded to a request from Councillor M.LI. Davies and confirmed that voting details could be recorded in the minutes.

12. Budget 2015/16 – 2016/17 – Councillor H. Hilditch–Roberts expressed the view that the style of minutes currently adopted did not always fully reflect individual Members contribution to the discussions which had taken place.

RESOLVED – *that, subject to the above, the minutes of the Council meeting held on the 9th September, 2014 be confirmed as a correct record.*

6 NOVA CENTRE REDEVELOPMENT

A copy of a report by the Head of Communication, Marketing and Leisure (HCML), which sought a decision by Council to approve the recommendation of the Strategic Investment Group to proceed with the redevelopment of the Nova Centre, Prestatyn, had been circulated prior to the meeting. The Chair welcomed representatives of Alliance Leisure Services (ALS) to the meeting.

With the aid of a PowerPoint presentation the HCML introduced the report. He explained that Cabinet had in January, 2014 considered the findings of a due diligence review into Clwyd Leisure Ltd (CLL), and concluded that it would be too great a risk to take over the company. It was decided to cease funding CLL from the 1st April, 2014, due to concerns over the quality and level of service provision, and CLL subsequently ceased trading with immediate effect.

A report to Cabinet in March, 2014 outlined the recommendations arising from a detailed appraisal of the building conditions and the cost benefit analysis in respect of the different interim management options for the facilities, whilst the business case for a much improved leisure offer on the coast was developed further. Cabinet agreed to recommend that the Nova Centre remained closed pending agreement of the ALS redevelopment proposals in May, 2014.

A feasibility exercise and outline business case for the proposed redevelopment of the Centre had been commissioned for consideration by the Strategic Investment

Group (SIG), and details of the process had been provided. A feasibility and outline business case was presented to the SIG and Cabinet in June, 2014 to secure funding to take the project forward to detailed design. Progression to the next stage, and the awarding of 108k for the detailed design stages in order to establish cost certainty for the project, had been approved. ALS in partnership with Denbighshire completed all detailed surveys and provided the SIG with detailed costs based on a mix of facilities, as agreed in the original feasibility brief, Appendix 1. Members were informed that the facility would be self-sufficient by servicing its own energy costs.

Detailed surveys identified issues which needed to be resolved to ensure the long term sustainability of the building for the term of the business case, based on known income potential, and the Councils financial commitment. Mechanical and electrical plant required replacing, and a roofing survey identified a host of issues. The increase in costs from outline to detail design stage represented a 15% increase in overall development costs. This would be containable within the overall envelope of affordability over the business case term.

It was explained that the development was a major strand of the Council's vision for an improved leisure and tourism offer along the coast, as set out in the Economic Ambition Strategy. The BIG Plan 2011–2014 aimed to achieve a number of outcomes, particularly the desire for people in Denbighshire to have healthy lifestyles.

The costs pre-detailed design had been approximately £3.6 million. The revised costs, due to the roofing and M&E requirements, had increased to £4,217,001. Officers and the AL project team had been through a vigorous 'value engineering process' reviewing the costs and specification to reduce the costs without compromising the whole development. The original business case identified a total of £256,311 to service the overall borrowing required for the development. Due to an increase in capital required for the development, the prudential borrowing costs had increased to an annualised payment of £284,680, representing a total increase of £28,369 per annum. This was confined within the affordability of the project and been fully considered and scrutinised by both the SIG and Coastal Facilities Board. The HCML confirmed that the project was now at cost certainty and pending any requested changes to the scheme risks would be borne by ALS.

A budget forecast had been included in Appendix 2, with a financial commentary in Appendix 3, and a full financial statement from our Finance and Assurance Manager in Appendix 4. The budget forecast indicated an operating loss in year 1 of £68,223, a loss of £6,447 in year 2, and by year 3 a surplus of £11,785. The Centre would have made a £23,440 operational loss over a five year period, over and above the resources available for the running of the facility, however this assumed only realising just over 70% of the overall latent demand.

In the event of the development not proceeding the building was likely to remain in its current condition until further options were explored, and the Centre would cost approximately £71,000 per year to maintain whilst closed. This would take into account NNDR, security, repairs and maintenance, as set out in the options in Appendix 5, page 6 of the business case. If the property was left in this condition

permanently it would cost approximately £355,000 over the next five years. Demolition costs were estimated at approximately £1M, and a detailed summary had been included.

In reply to questions from Members, it was explained that the business case, Appendix 5, had been scrutinised and approved by the SIG investment group and they had sufficient confidence to recommend to Council that the development of the Nova Centre proceed. Prestatyn Town Council, the Coastal Board and Prestatyn Member Area Group had been consulted throughout the development stages. Members expressed their appreciation regarding the depth of the consultation process undertaken. The Equality Impact Assessment had been attached as Appendix 6.

If approved the construction cost of the scheme would be fixed, as set out in the development partner framework. Any deviations from the agreed capital sum would be borne by ALS, unless costs were as a consequence of any additional request that was over and above the agreed scope of works. It was confirmed that options had been discussed with the SIG, and on the basis of how the risk would be managed, they had agreed to recommend for development, pending Council approval.

Councillor H.LI. Jones complimented the work undertaken with ALS. He explained that the Nova Centre project would be the second of three projects which included the recently completed Bowls Centre, Prestatyn, and the Sun Centre, Rhyl. Councillor H.H. Evans referred to the in depth scrutiny process undertaken in progressing the project, which had considered every possible aspect of the scheme. He felt that Denbighshire had led the way in Wales by promoting the provision of leisure services, which in turn could relieve pressure on the Health Service.

Reference was made by Councillor C.H. Williams to the possible loss of the school playing field at Ysgol Gynradd Llandrillo. The HCML informed Members that in terms of small villages and rural areas benefiting from investment, the leisure strategy had been clear. He explained that due to population figures and the difficulty of increasing commercial viability, some areas of the County would need to be funded by areas of the service where expectations had been exceeded.

During the ensuing discussion the HCML provided the following responses to questions submitted, and issues raised by Members:-

- The Ffrith Beach Fun Park lease holder would be included in the discussions relating to the development of the Nova Centre, and the future development of the land between the Ffrith and the Bowls Centre.
- Reference was made to the potential increase in employment in the area, and the boost to the local economy and tourism industry across the coastal area.
- Details were provided regarding the construction timescales.
- The importance of leisure services to the Social Care Agenda was highlight
- With regard to the provision of a water slide at the Nova Centre, it was explained that during the appraisal of the leisure offer and consideration of the mix of facilities along the coastal area, it had been agreed that the fun aquatics element in terms of

leisure waters would be better located in Rhyl, with the facility in Prestatyn focusing more on formal waters.

-The HCML provided details of the framework and contract with ALS. He confirmed that Denbighshire had benefited from a professional framework of services which inform the Council of the services available and market demands.

- An outline of the proposed concessions relating to the retail units was provided by the HCML. He explained that the aim had been to market the Nova Centre as a destination for visitors to Prestatyn and the coastal area. It was confirmed that determining the best possible option in respect of the food and beverage offer, through the restaurant facility, would be critical to the success of the Centre.

- A bilingual service had not previously been provided as the facility had been operated by an arms-length independent company. However, future provision had been addressed. The HCML confirmed that where possible Welsh speaking staff would be employed, but the requirement to appoint accredited staff did provide restrictions.

- In response to a request from Members, the HCML confirmed that an annual evaluation on the progress of the Nova Centre, against the Improvement Plan set for the Leisure Strategy, could be provided.

- Members were informed that it had been set within the framework of the contract that ALS utilise local labour and suppliers where possible.

-The HCML provided details of the flood and storm protection measures for the building, which included improvements to the promenade and sea defense wall.

The Chair and Members thanked the HCML, his staff and ALS for the excellent work undertaken in respect of the project during the limited timescales.

Following further discussion, and on being put to the vote the recommendation in the report was agreed:-

38 votes for and 1 abstention.

RESOLVED – that Council approves the £4.217M refurbishment of the Prestatyn Nova Centre.

7 2013/14 ANNUAL PERFORMANCE REVIEW

A copy of a report by the Corporate Programme Manager (CPM), on the Council's Annual Performance Review for 2013/14, had been circulated prior to the meeting.

Councillor B.A. Smith and the Head of Business, Improvement and Modernisation (AS) introduced the report. It was explained that the Council were required to publish an annual report of its performance by 31st October, and a decision was required to approve the draft 2013-14 Annual Performance Review, Appendix I.

The Council's Corporate Plan 2012-17 set the strategic direction for the Council and its priorities for the five-year period. Details of the Council's intention to deliver the priorities had been set out in Annual Service Plans and the Corporate Plan Annual Delivery Document, and a set of Outcome Agreements with the Welsh Government.

The Annual Performance Report provided a retrospective evaluation of the Council's success in delivering against these Plans during 2013-14, and showed whether the Council had successfully fulfilled its obligation to make arrangements to secure continuous improvement.

The Corporate Improvement Team had developed the report in consultation with other Council services. Performance information had been provided by services, and drawn from the Verto Performance Management System. Consultation had taken place with the SLT, Cabinet and the Performance Scrutiny Committee prior to being submitted to County Council for approval.

The risk of significantly negative reports from external regulators had been identified on the Corporate Risk Register. Failure to publish the Annual Review by the 31st October deadline would be likely to result in statutory recommendations from the Wales Audit Office, with significant implications for the Council's reputation.

The Corporate Plan and the Annual Performance Review were key elements of the Wales Programme for Improvement (2010), which was underpinned by the statutory requirements of the Local Government Act 1999 and Local Government (Wales) Measure 2009.

Councillor E.A. Jones referred to the Bodelwyddan Key Strategic Site and sought an assurance that the allocation of 26 hectares of employment land would be utilised for employment purposes, and not land banked or used for housing at a future date. Councillor B.A. Smith explained that the land in question had been designated as employment land in the LDP, which had been adopted by Council, and any change would require Council approval.

Councillor H.H. Evans confirmed that discussions were ongoing between officers and developers pending the submission of a Planning Application in respect of the Bodelwyddan site. He explained that funding from the Ambition Board, whose priority had been to focus on employment sites, had been allocated to investigate key areas across the County. Councillor E.W. Williams suggested the issue of employment land could be a matter for consideration by the LDP Action Group.

The Chief Executive explained that the employment land at Bodelwyddan had been clearly set out in the LDP, and would be identified in the respective Planning Application. However, he suggested that the issue of employment land, and the respective work being undertaken, could be a matter for consideration by Scrutiny.

Reference was made by the Chief Executive to Council Briefing, where it had been intimated that the Denbighshire would remain committed to delivering the Corporate Plan, and this would be progressed if confirmed. He explained that Council were being requested to receive and endorse the 2013/14 Annual Performance Review, which had previously been considered by Scrutiny. Members were informed that performance would be affected by budget related decisions, and these would require mapping against performance issues. Members were assured that areas experiencing a reduction in performance levels, as a result of budget cuts, would be

clearly identified, and the Improvement Plan would be reviewed to reflect such decisions.

In reply to a question from Councillor J.A. Davies, it was confirmed by Councillor B.A. Smith that the provision of dropped kerbs had been identified as a priority in the Corporate Plan, for implementation over a five year period. Councillor D.I. Smith explained that a survey relating to dropped kerbs was being undertaken and the outcome would be reported to the respective Member Area Groups.

Councillor H.H. Evans referred to the Transport Infrastructure and confirmed that aspects of the Economic and Community Ambition had been withdrawn due to a lack of resources, with the focus now being on areas of impact. He explained that TAIH had been centralised and decisions pertaining to infrastructure development were now a matter for Welsh Government.

The Head of Business, Improvement and Modernisation agreed to review the accuracy of abbreviations used in the Welsh version of the Annual Performance Review document.

Following further discussion, and on being put to the vote, the recommendation in the report was agreed:-

34 votes for and 1 against.

RESOLVED – that Council approve the draft 2013-14 Annual Performance Review to enable translation and publication before 31st October 2014.

8 COUNTY COUNCIL FORWARD WORK PROGRAMME

The Committee confirmed the County Council Forward Work Programme subject to the inclusion of the following reports:-

The HLDS informed Council that an updated copy of the Forward Work Programme had been circulated to Members. He confirmed that Budget Workshops would be held on the 8th, 13th and 20th October, with a reserve date on the 27th October, 2014. He explained that on the 9th December, 2014 Council would consider reports on the Budget, County Hall PFI Agreement and Review on the Polling Districts and Places.

Councillor J. Thompson-Hill explained that the Council Tax Setting, scheduled for the 3rd February, 2015, would be presented to the meeting on the 24th February, 2015.

In response to concern raised by Councillor H. Hilditch-Roberts regarding the need for a coherent policy regarding the communication of information relating to the budget process, the Chief Executive explained that this matter could be discussed at the Budget Workshop meetings.

Councillor R.L. Feeley responded to a question from Councillor J.A. Davies and explained that regular meetings were held between Denbighshire and the Health Board. She confirmed that a date would be sought for the Chief Executive of the Health Board to address Council. Councillor J. Chamberlain-Jones confirmed that Health Board would be attending the next meeting of the Partnerships Scrutiny Committee to provide responses to issues raised by Members.

Councillor J. Butterfield requested that a business item be included in the Forward Work Programme to provide regular updates on the proposed voluntary merger of Denbighshire and Conwy Council's. The HLDS explained that arrangements were being made to convene a special meeting of Council in November, 2014 to discuss the proposed merger, prior to the date for the expression of interest.

In reply to concerns raised by Councillor E.W. Williams that the number of votes recorded on the electronic voting system did not always correspond with the number of Councillors present, the HLDS confirmed that the voting system was checked prior to the commencement of each meeting.

RESOLVED – *that, subject to the above, the Council Forward Work Programme be approved and noted.*

Meeting ended at 12.40 p.m.

COUNCIL FORWARD WORK PROGRAMME

Meeting	Item (Description / Title)		Purpose of Report	Council Decision Required (yes/no)	Lead member and Contact Officer
Council Briefing 17 November 2014	1	Modernising Social Services & Enhancing Well-being Programme for Vulnerable People & Groups	To consider a briefing	N/A	Clr Bobby Feeley / Steph O'Donnell
	2	Volunteering Policy (written report will be prepared)	To present to Members the Council's volunteering policy, and the benefits of the policy to the individuals who volunteer and to the Council	No	Clr. Hugh Irving/Liz Grieve/David Davies
	3	Looked after Children	An overview of looked after children in the county and associated outcomes.	N/A	Clr Bobby Feeley / Liz Griffin / Rhian Morrle
9 December 2014	1	Approval of Contract Procedure Rules	To present the revised Contract Procedure Rules for approval	Yes	Clr Julian Thompson-Hill / Paul McGrady / Gary Williams
	2	Review of Polling Districts & Places	Final proposals from a statutory review of polling places	Yes	Steve Price / Gareth Evans
	3	Budget 2015 / 2016	To consider proposals for the 2015 / 16 budget	Tbc	Clr Julian Thompson-Hill / Paul McGrady
	4	County Hall PFI Agreement	To consider a report on the PFI agreement	Tbc	Clr Julian Thompson-Hill / Paul McGrady
Council Briefing 12 December 2014		BUDGET WORKSHOP			
Council Briefing 19 January 2015					
3 February 2015	1	Treasury Management Strategy Statement 2015/16	To approve the Statement	Yes	Clr Julian Thompson-Hill / Paul McGrady

COUNCIL FORWARD WORK PROGRAMME

	2	Budget 2015/16	To set the Revenue Budget for 2015/16	Yes	Clr Julian Thompson-Hill / Paul McGrady
	3	Local Housing Strategy	To agree the Local Housing Strategy	Yes	Clr Hugh Irving / Peter McHugh / Sue Lewis
	4	Housing Revenue Account Self Financing	To consider the HRA.	Tbc	Clr Hugh Irving / Peter McHugh
24 February 2014	1	Council Tax Setting	To set the Council Tax for 2015/16	Yes	Clr Julian Thompson-Hill / Paul McGrady
	2	Capital Plan 2015/16	To approve the Council's Capital Plan for 2015/16	Yes	Clr Julian Thompson-Hill / Paul McGrady
Council Briefing 16 March 2015					
14 April 2015					
12 May 2015 Annual Meeting	1	Annual Report of the Council's Scrutiny Committees	To consider the Annual Report	No	Scrutiny Chairs & Vice Chairs Group / Steve Price / Rhian Evans

Note for Officers – Full Council Report Deadlines

<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>
November	21 October	December	24 November	3 February	19 January

Updated 20/10/2014 SP

Report To: Council

Date of Meeting: 4 November 2014

Lead Member / Officer: Hugh Evans/Liz Grieve

Report Author: Emma Horan

Title: Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018

1. What is the report about?

Denbighshire's Single Integrated Plan: 'Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018' (hereafter the Wellbeing Plan).

2. What is the reason for making this report?

Endorsement is required for 'Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018' (hereafter the Wellbeing Plan).

3. What are the Recommendations?

To endorse the Wellbeing Plan.

4. Report details.

- 4.1 Denbighshire Strategic Partnership Board (DSPB) is seeking endorsement for Denbighshire's Wellbeing Plan; a new, streamlined Plan for the public sector in Denbighshire. This Plan continues the work of The BIG Plan Part I and addresses the lessons we have learned from implementing Denbighshire's first single integrated plan.
- 4.2 The Wellbeing Plan reflects the commitment of the public sector to improve outcomes in Denbighshire by focussing on one theme: independence and resilience. DSPB has been careful to consider where it can have most impact, given the current and projected financial position and the future needs of our communities, whilst ensuring our statutory duties are met.
- 4.3 The Wellbeing Plan has three vision statements:
 - People are active, connected & contribute to their community
 - People take notice of what is going on around them, and in doing so, people keep learning about their world
 - People prioritise their wellbeing and actively plan to maintain their independence
- 4.4 The Wellbeing Plan has prioritised the following areas:
 - Challenges of our rural areas
 - Supporting the most disadvantaged to build their resilience
 - Building the capacity of communities to develop and thrive

- 4.5 We are anticipating seeing increased participation in local initiatives, widespread and diverse public involvement in community developments, vibrant cultural and educational opportunities and improved neighbourhood knowledge and awareness: 'Neighbourliness', as a result of the Wellbeing Plan.
- 4.6 The Wellbeing Plan proposes the following new initiatives:

Strengthening our Communities – Understand the environmental, economic and social changes predicted for Denbighshire, and plan a resilient future for our people and communities.

- Create a fuller understanding of communities' assets and needs by collaborating with communities and each other to progress local plans focussed on developing communities rather than services.
- Empowering & Enabling Services – Change any of our services that disable or restrict individuals' and communities' independence and resilience. Ensure that services reinforce people's independence and wellbeing.
- Develop a Wellbeing Information Hub to support people to understand and develop their wellbeing – links to wellbeing self- assessment, tools, resources and local directory of community opportunities to support improved wellbeing.
- Employee Wellbeing – As employers, develop opportunities to empower staff to improve and maintain their wellbeing and independence during and after employment. Develop Partnership Volunteering Strategy to expand opportunities for staff to volunteer.
- Actively support the development of Time Banking across the county in an innovative, coordinated and sustainable way.

We believe that we need to change the way we deliver our services to make more effective use of our resources to improve outcomes for people across the county. We need to collaborate more effectively in delivering services, supporting people to improve and maintain their wellbeing to maximise their independence.

- The Denbighshire 20 – Identify the people for whom improved partnership working would help to maximise their independence & resilience and therefore reduce unplanned access to services.
 - Improve Collaborative Progression Pathways across services and organisations which support people to develop their wellbeing and maximise their independence. Develop shared outcome monitoring to map service user journeys towards independence and resilience
- 4.7 In endorsing this Plan, the Council will be supporting a public sector-wide approach to developing the right environment for people to prioritise and maintain their wellbeing and to connect and contribute to their communities; to help create and sustain the Denbighshire they want.

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

- 5.1 A single integrated plan meets the statutory duties in relation to the development of plans and strategies required under legislation for Local

Government (Wales) Measure 2009 (Part 2: Ss 37 – 46), the Children Act 2004 (Part 3: S26), the National Health Service (Wales) Act 2006 (Part 3: S40) and the Crime and Disorder Act 1998 (Part 1: S6).

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

6.1 There is no additional funding available for the delivery of the Wellbeing Plan. Partners will carefully consider the business case for each proposed initiative (see the Wellbeing Plan in appendix 1), seeking opportunities for sustainable use of existing resources to meet the identified outcomes.

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

7.1 The EqIA (see appendix 2) has concluded that the Wellbeing Plan does not adversely affect people from within the protected characteristics. However, the Wellbeing Plan proposes new initiatives that will positively impact upon people from within the protected characteristics and therefore equality impact assessments will be required during each project's initiation stage.

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

8.1 A detailed programme of engagement and consultation has been completed, including across the public sector, with the general public, with other national interested bodies and with Scrutiny (eg report to Partnerships Scrutiny including 'Denbighshire's Wellbeing Plan Update' and the 'The BIG Plan: Part I, 2011-14 – Evaluation and Closure Report').

8.2 We are currently seeking endorsement of the Wellbeing Plan from each public sector partner, including Welsh Government. This report is part of that process.

9. Chief Finance Officer Statement

9.1 Any additional costs arising from the plan will need to be contained within existing budgets

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

10.1 With a significant reduction of size and scope of the Wellbeing Plan there is a risk that Denbighshire will be challenged as to how we are meeting our statutory duties. The link between statutory duties and partnership activities to support the delivery of the Wellbeing Plan have been made and will be published, in detail, on the new Wellbeing Plan website.

10.2 The success of the Wellbeing Plan will rely on partner involvement and meaningful public and partner engagement. To ensure shared ownership of the Wellbeing Plan, it is now being ratified by the Boards of all LSB partner organisations, and performance will be closely managed by the Conwy & Denbighshire Local Service Board and DSPB.

11. Power to make the Decision

11.1 Within 'Shared Purpose – Shared Delivery' the Welsh Government consider that a single integrated plan should be used to meet the statutory duties in relation to the development of plans and strategies required under the legislation cited in section 5.1 above. In endorsing the Wellbeing Plan, Denbighshire County Council would fulfil its statutory duty.

Appendices

- 1 The Wellbeing Plan
- 2 Equality Impact Assessment

Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018

Draft for Endorsement, October 2014



Rhyl Harbour, September 2014

Introduction

As Chair of the Conwy & Denbighshire Local Service Board (LSB), I am pleased to introduce you to Denbighshire's Wellbeing Plan. This Plan continues the work that The BIG Plan introduced by integrating four plans (Community Strategy; Health, Social Care & Wellbeing; Children & Young People; Community Safety) into one single integrated Plan. We learned, through the implementation of The BIG Plan, that coordinated partnership working with a shared purpose can make a positive impact on people's lives across the County. While we deal with the financial challenges that face us all we wish to continue this streamlined approach, while focussing on making a real and positive impact for people in Denbighshire. We have therefore decided to focus on one theme – Independence & Resilience - where we believe that strategic partnership working can have the greatest impact. This is a plan for everyone in Denbighshire: a plan for all generations.

What do we mean by Independence? We are independent when we have freedom to make choices for ourselves and the ability to live our lives with minimal help from others.

What do we mean by Resilience? We are resilient when we use our resources and knowledge to cope with adversity and prepare for the future.

These definitions apply to individuals and communities. When people can maximise and maintain their independence they are able to achieve what is important to them. Where people collaborate to develop and sustain their community, the county is able to thrive.

Through delivering this plan we will help to create an environment where this is possible.

Andrew Bowden, Chair, Conwy & Denbighshire Local Service Board

Vision:

- People are active, connected & contribute to their community
- People take notice of what is going on around them, and in doing so, people keep learning about their world
- People prioritise their wellbeing and actively plan to maintain their independence

Priority Areas

We want these outcomes for everyone in Denbighshire, but we have identified some priority areas to focus on over the next three years:

- Challenges of our rural areas
- Supporting the most disadvantaged to build their resilience
- Building the capacity of communities to develop and thrive

Background:

Denbighshire's first Single Integrated Plan, The BIG Plan, was published in 2011 and brought with it improved partnership working to help achieve our ambitions for Denbighshire. The BIG Plan established a vision for Denbighshire, wanting people to:

- Be healthy and have a sense of wellbeing
- Live in a safe place
- Be able to afford to meet their needs
- Live in Denbighshire because it's a great place to live, work and learn

We have learned a number of lessons from this approach and have applied these to the planning and publication of our second integrated plan.

Meanwhile, the vision of Denbighshire's Local Development Plan is that by 2021 Denbighshire, through sustainable development, will have a vibrant urban coast, with thriving market towns and rural areas. The housing and employment needs of the County will be met, the high quality environment protected and enhanced and a high quality of life maintained for all communities with full recognition that we have a strong Welsh language and culture that should be maintained and protected throughout the County.

Partnership working remains challenging while we adapt to a difficult financial environment and prepare for developing policy and legislation that will place new demands onto local partnerships. In particular, the Wellbeing of Future Generations Bill, currently progressing through National Assembly for Wales, is designed to put the needs of communities, now and in the future, at the heart of the decisions that Welsh public services make. Alongside delivery of the Wellbeing Plan we will be working with our partners in the Conwy & Denbighshire Local Service Board to prepare ourselves for this next stage of strategic partnership activities.

Framework for Delivery: Five Ways to Wellbeing

Wellbeing - feeling good and functioning well - is associated with various positive health and social outcomes.

The **Five Ways to Wellbeing** were developed by the New Economics Foundation from evidence gathered in a UK Government-commissioned project called the Foresight Project on Mental Capital and Wellbeing. The Project, published in 2008, drew on research about mental wellbeing through life.

Connect
Be Active
Take Notice
Keep Learning
Give

Over the next few years we will make use of the Five Ways to Wellbeing as a framework for delivery, by promoting the use of the Five Ways for individuals and groups, and by using it ourselves for monitoring the difference we have made.

What will look different as a result of Denbighshire's Wellbeing Plan?

- Wide participation in local initiatives
- Widespread and diverse public involvement in community developments
- Vibrant cultural and educational opportunities
- Improved neighbourhood knowledge and awareness: 'Neighbourliness'

How will we measure the difference we are making?

There are a number of things which will point to whether we are making a difference through emphasising independence and resilience, and we will closely monitor these indicators. **These may include:**

- Vibrancy of community organisations
- Voter turnout
- Percentage of people who meet physical activity guidelines in the past week
- Loneliness
- Economic inactivity
- People suffering from Coronary heart disease (CHD) or Chronic Obstructive Pulmonary Disease (COPD)
- Participants in adult education programmes
- Welsh language learners
- Volunteering opportunities

The Process



Denbighshire's Strategic Partnership Board¹ followed the following process to agree what should be in Denbighshire's Wellbeing Plan:

- Identified priorities through Needs Assessment & Community Engagement Activities
- Investigated what is already being done to address the priorities

¹ Membership made up of senior officers from Denbighshire County Council, Betsi Cadwaladr University Health Board, Public Health Wales, North Wales Police, North Wales Fire and Rescue Service, Cambria College, Grŵp Llandrillo Menai, Denbighshire Voluntary Services Council.

- Decided what – if anything - would add value to existing activities
- Agreed what could be achieved in Partnership to meet the desired outcomes
- Consulted with people and organisations across Denbighshire to hear what they think of our ideas

Existing Initiatives

There are a number of initiatives that are being undertaken in partnership which will help us to achieve our vision. Some **examples** of these are:

- ✓ Digital Denbighshire Project (part of Denbighshire County Council’s Economic & Community Ambition Programme)
- ✓ Fuel Poverty Action Plan (being delivered by the Denbighshire Advice Network)
- ✓ Rural Transport Project (being delivered in partnership with Cadwyn Clwyd)
- ✓ Volunteering Strategy (Denbighshire County Council’s strategy to promote volunteering opportunities across the council)

Partnership governance through Denbighshire’s Wellbeing Plan will support and challenge these initiatives to ensure they are meeting their objectives

Denbighshire’s Wellbeing Plan Projects

In addition, a number of new initiatives are being proposed to help achieve the vision. Denbighshire’s Wellbeing Plan will be managed as a programme where new initiatives will be agreed using thorough Business Cases; rigorous Project Management methodology will ensure the projects achieve their planned objectives, helping to fulfil the expressed outcomes.

We believe that we need to understand more about what the future holds for our communities; we believe that by working in closer collaboration with each other and the communities we serve, then we can enable the development of independent & resilient communities

- **Strengthening our Communities** – Understand the environmental, economic and social changes predicted for Denbighshire, and plan a resilient future for our people and communities.
- Create a fuller understanding of communities’ assets and needs by collaborating with communities and each other to progress local plans focussed on developing communities rather than services.
- **Empowering & Enabling Services** – Change any of our services that disable or restrict individuals’ and communities’ independence and resilience. Ensure that services reinforce people’s independence and wellbeing.
- Develop a **Wellbeing Information Hub** to support people to understand and develop their wellbeing – links to wellbeing self-assessment, tools, resources and local directory of community opportunities to support improved wellbeing.
- **Employee Wellbeing** – As employers, develop opportunities to empower staff to improve and maintain their wellbeing and independence during and after employment. Develop **Partnership Volunteering Strategy** to expand opportunities for staff to volunteer.

- Actively support the development of **Time Banking**² across the county in an innovative, coordinated and sustainable way.

We believe that we need to change the way we deliver our services to make more effective use of our resources to improve outcomes for people across the county. We need to collaborate more effectively in delivering services, supporting people to improve and maintain their wellbeing to maximise their independence.

- **The Denbighshire 20** – Identify the people for whom improved partnership working would help to maximise their independence & resilience and therefore reduce unplanned access to services.
- Improve **Collaborative Progression Pathways** across services and organisations which support people to develop their wellbeing and maximise their independence. Develop shared outcome monitoring to map service user journeys towards independence and resilience.

Publication and Delivery of Denbighshire’s Wellbeing Plan

Denbighshire’s Wellbeing Plan will be innovative in its approach through the following ways:

- Live Website – www.wellbeingplandenbighshire.org.uk developing intelligence about independence & resilience in Denbighshire
- Live Measurement – indicators and project performance updated through embedded links with services and projects
- Live Needs Assessment and intelligence – an information resource indicating the wellbeing of Denbighshire through a variety of information sources, coupled with links to good practice across the UK and beyond to support innovative solutions
- Flexible approach: while the vision and priority areas will remain in place, we wish to develop a flexible approach which allows us to consider and respond to a changing environment. For example, the consultation highlighted a number of areas which need more detailed consideration. In particular this applies to our knowledge of environmental sustainability across the county, and the use and development of the Welsh Language. We will find out more about the needs of these areas and respond to them as necessary to support the independence and resilience of our citizens and communities.
- Statutory Duties – there are a number of statutory duties that we are meeting through Denbighshire’s Wellbeing Plan; how we are meeting those duties will be described on the website

Conclusion

By focussing on individual and community independence and resilience, this plan aims to develop the right environment for people to prioritise and maintain their wellbeing; connecting and contributing to their communities to help create and sustain the Denbighshire they want.

² Timebanking is a means of exchange where time is the principal currency. For every hour participants ‘deposit’ in a timebank, perhaps by giving practical help and support to others, they are able to ‘withdraw’ equivalent support in time when they themselves are in need

Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018

Equality Impact Assessment

Supporting Independence & Resilience: Denbighshire's Wellbeing Plan 2014-2018

Contact: Isabel Williams - Administration Officer
Partnerships & Committees Team
Updated: 16.10.2014

1. What type of proposal / decision is being assessed?

A strategic or service plan

2. What is the purpose of this proposal / decision, and what change (to staff or the community) will occur as a result of its implementation?

'Supporting Independence and Resilience: Denbighshire's Wellbeing Plan 2014-18' is Denbighshire's second integrated plan. It aims to support people to maximise and maintain their independence and to create an environment where people are able to thrive.

The Wellbeing Plan has three vision statements:

- People are active, connected & contribute to their community
- People take notice of what is going on around them, and in doing so, people keep learning about their world
- People prioritise their wellbeing and actively plan to maintain their independence

The Wellbeing Plan has prioritised the following areas:

- Challenges of our rural areas
- Supporting the most disadvantaged to build their resilience
- Building the capacity of communities to develop and thrive

We are anticipating seeing increased participation in local initiatives, widespread and diverse public involvement in community developments, vibrant cultural and educational opportunities and improved neighbourhood knowledge and awareness: 'Neighbourliness', as a result of the Wellbeing Plan.

3. Does this proposal / decision require an equality impact assessment? If no, please explain why.

*Please note: if the proposal will have an impact on people (staff or the community) then an equality impact assessment **must** be undertaken*

Yes	<p>Denbighshire's Wellbeing Plan meets out statutory duties in relation to the requirement for a Single Integrated Plan and addresses the requirements of the Equality Act 2010.</p> <p>The Wellbeing Plan does not adversely affect people from within the protected characteristics. However, the Wellbeing Plan proposes new initiatives that will positively impact upon people from within the protected characteristics and therefore equality impact assessments will be required during each project's initiation stage.</p>
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4. Please provide a summary of the steps taken, and the information used, to carry out this assessment, including any engagement undertaken

(Please refer to section 1 in the toolkit for guidance)

<p>Denbighshire's Wellbeing Plan has been considered by the following groups:</p> <ul style="list-style-type: none"> -Needs Assessment Task and Finish Group, -The Big Plan 2 (Wellbeing Plan) Steering Group -Children, Young People and Families Partnership -Denbighshire Strategic Partnership Board -Focus Groups, embedding equality in partnership work, including: Rural areas, Energy, Transport and Connectivity; Vulnerable Families; and Supporting Independence <p>Extensive engagement has taken place since August 2013 by the Consultation and Engagement Task and Finish Group which consists of representatives from DCC, DVSC, BCUHB, NWP, NW F&R, Welsh Government, and Llandrillo College.</p> <p>Equality has been integrated into our needs assessment, whereby partners have considered who is most affected by an issue and where they live, in terms of the protected characteristics. A checklist to help partners integrate equality into community needs assessment activity has been drafted. This is a new approach, and is not yet wholly consistent (based in part of the availability of data); we need to continue to embed this into our needs assessment methodology.</p> <p>Analysis of engagement and consultation feedback and needs assessment information will be published on a new Wellbeing Plan website.</p> <p>The final Denbighshire Wellbeing Plan will be made available online and in appropriate formats to ensure that it meets Denbighshire County Council's commitment as set out in the Equality Plan to promote equality and diversity.</p> <p>The Wellbeing Plan will be taken to the Boards of LSB Partners for ratification.</p> <p>The date for launch and publication is 1 December 2014.</p>
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5. Will this proposal / decision have a positive impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?

(Please refer to section 1 in the toolkit for a description of the protected characteristics)

Denbighshire's Wellbeing Plan sets out a number of projects, listed below, that will have a positive impact on people in Denbighshire. Some projects will have a greater impact on some people from within the protected characteristics than others. Some of the projects listed below will be targeted; others universal, and will improve our intelligence about predicted changes and how we can support communities to be independent and resilient.

Partners will be developing project briefs and each project will require its own equality impact assessment to be completed during project initiation.

We believe that we need to understand more about what the future holds for our communities; we believe that by working in closer collaboration with each other and the communities we serve, then we can enable the development of independent & resilient communities

- Strengthening our Communities – Understand the environmental, economic and social changes predicted for Denbighshire, and plan a resilient future for our people and communities.
- Create a fuller understanding of communities' assets and needs by collaborating with communities and each other to progress local plans focussed on developing communities rather than services.
- Empowering & Enabling Services – Change any of our services that disable or restrict individuals' and communities' independence and resilience. Ensure that services reinforce people's independence and wellbeing.
- Develop a Wellbeing Information Hub to support people to understand and develop their wellbeing – links to wellbeing self-assessment, tools, resources and local directory of community opportunities to support improved wellbeing.
- Employee Wellbeing – As employers, develop opportunities to empower staff to improve and maintain their wellbeing and independence during and after employment. Develop Partnership Volunteering Strategy to expand opportunities for staff to volunteer.

Actively support the development of Time Banking across the county in an innovative, coordinated and sustainable way. We believe that we need to change the way we deliver our services to make more effective use of our resources to improve outcomes for people across the county. We need to collaborate more effectively in delivering services, supporting people to improve and maintain their wellbeing to maximise their independence.

- The Denbighshire 20 – Identify the people for whom improved partnership working would help to maximise their independence & resilience and therefore reduce unplanned access to services.
- Improve Collaborative Progression Pathways across services and organisations which support people to develop their wellbeing and maximise their independence. Develop shared outcome monitoring to map service user journeys towards

independence and resilience.

6. Will this proposal / decision have a disproportionate negative impact on any of the protected characteristics (age; disability; gender-reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; and sexual orientation)?

No

7. Has the proposal / decision been amended to eliminate or reduce any potential disproportionate negative impact? If no, please explain why.

No

There will be no disproportionate negative impact..

8. Have you identified any further actions to address and / or monitor any potential negative impact(s)?

Yes

See below

Action(s)	Owner	By when?
Draft Plan and undertake 12 week consultation period	Liz Grieve and David Davies	31/08/2014
On going Needs Assessment	Emma Horan and Carol Evans	31/12/2018
Present plan to relevant Boards and Partnerships for endorsement	Liz Greive	30/11/2014
Development of Wellbeing Plan Website to enable capture of the ongoing needs assessment and access to performance management framework	Edna Pomeroy	30/11/2014
Development of the new initiatives through appropriate engagement, consultation and equality impact assessment.	Liz Grieve	31/12/2018

9. Declaration

Every reasonable effort has been made to eliminate or reduce any potential disproportionate impact on people sharing protected characteristics. The actual impact of the proposal / decision will be reviewed at the appropriate stage.

Review Date:	01/04/2015
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Name of Lead Officer for Equality Impact Assessment	Date
Emma Horan - Planning and Performance Officer	16/10/2014

Please note you will be required to publish the outcome of the equality impact assessment if you identify a substantial likely impact.

Report To: Council

Date of Meeting: 04 November 2014

Lead Member / Officer: Cllr Julian Thompson-Hill

Report Author: Head of Finance and Assets

Title: Treasury Management Strategy Statement (TMSS) 2014/15 Amendments (Appendices 1 / 2)

1 What is the report about?

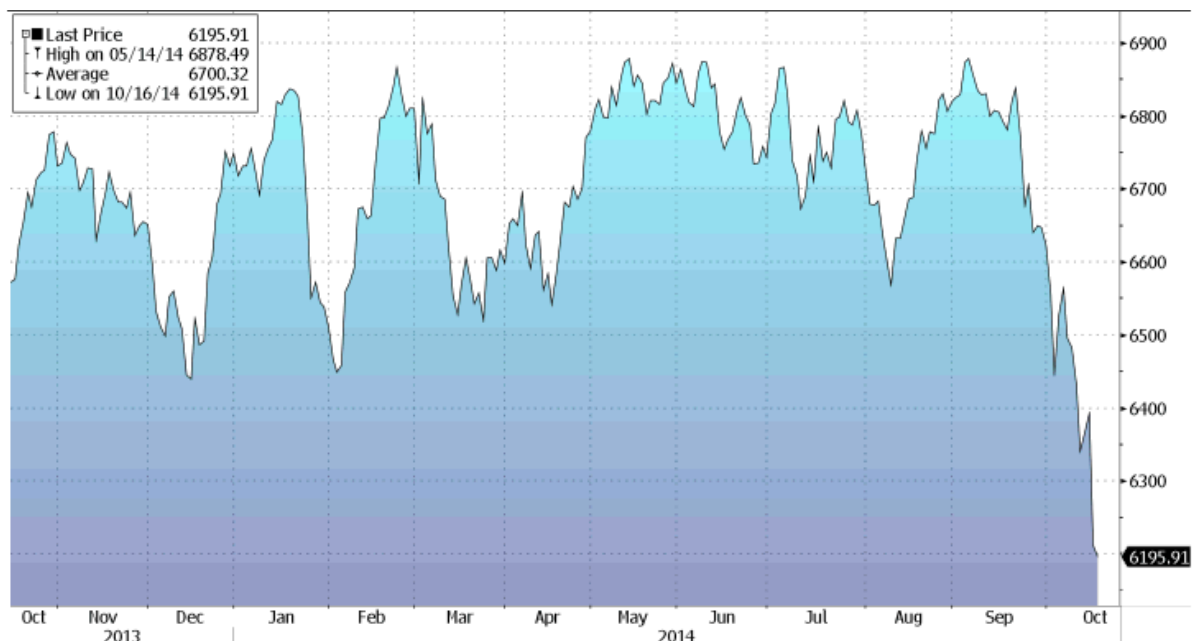
1.1 The TMSS (Appendix 1) shows how the Council will manage its investments and its borrowing for the year and sets the policies within which the Treasury Management (TM) function operates.

2 What is the reason for making this report?

2.1 Council approved the TMSS 2014/15 on 25 February 2014 but since that time, economic circumstances have changed and there is a need for amendments to be made to the original strategy statement (shown in Appendix 1) which need to be approved by Council.

2.2 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. This is illustrated in the graph below which shows that the FTSE 100 has fallen over 10% since the second week of September as investors seek the quality of safe haven assets such as government bonds.

FTSE 100 Share Index



- 2.3 As a result of the increased risks, we feel it is prudent to make a number of amendments to our strategy.

3 What are the Recommendations?

- 3.1 That Council approves the amendments to the TMSS for 2014/15 listed in Appendix 2.

4 Report details

Amendment 1 - Bank Deposits

- 4.1 Bail-in risk was referred to previously in the enclosed TMSS (Appendix 1) in paragraph 3.3. The UK is implementing bail-in provisions from January 2015, a year ahead of most other countries. This will mean that banks will not be able to rely on government support if they get into difficulty and will be required to bail themselves out by taking a proportion of investors' deposits to build up their capital.
- 4.2 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.
- 4.3 As a result of the removal of government support, there is a risk of major UK banks being downgraded to the "BBB" category which is lower than DCC's current acceptable minimum credit rating of "A-". This means that we need to amend the 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 (see Appendix 2 - Amendment 1).
- 4.4 It is 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 is the Barclays Bank limit which has been reduced further to 100 days.

Amendment 2 - Reverse Repurchase Agreements (REPOs)

- 4.5 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 3 provides definitions of the various treasury terms used)
- 4.6 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 need to amend the TMSS to include REPOS in the list of approved investment instruments (see Appendix 2 - Amendment 2).

Amendment 3 - Covered Bonds

- 4.7 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 need to amend the TMSS to include the word 'securities' within the table on Approved Investment Counterparties (see Appendix 2 - Amendment 3).

5 How does the decision contribute to the Corporate Priorities?

- 5.1 An efficient TM strategy allows the Council to minimise its borrowing costs and release funding for its investment priorities.

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

- 6.1 There are no cost implications arising as a result of this report. The point of the TM Strategy is to obtain the best return within a properly managed risk framework.

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

- 7.1 This is not required as a part of this report.

8 What consultations have been carried out?

- 8.1 The Council has consulted with its TM consultants, Arlingclose Ltd.

9 Chief Finance Officer Statement

- 9.1 TM involves looking after significant sums of cash so it is a vital part of the Council's work. These amendments to our strategy will ensure that we have a sound strategy and appropriate controls to safeguard the Council's money whilst achieving reasonable returns on investments.

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

- 10.1 TM is inherently risky as outlined in the Strategy Statement. The Council has a risk management policy but it is impossible to eliminate these risks completely.

11 Power to make the Decision

- 11.1 The Local Authorities (Capital Finance and Accounting) (Wales) Regulations require local authorities to have regard to the Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management which determines the requirement for the Council to produce a TMSS.

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Denbighshire County Council

**Treasury Management Strategy Statement
and Investment Strategy 2014/15 to 2016/17**

Contents

- 1. Background**
- 2. Treasury Position**
- 3. Investment Strategy**
- 4. Borrowing Strategy**
- 5. Debt Rescheduling**
- 6. MRP Statement 2014/15**
- 7. Reporting Treasury Management Activity**
- 8. Other Items**

Annexes

- A. Prudential Indicators
- B. Interest Rate Outlook

Glossary

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

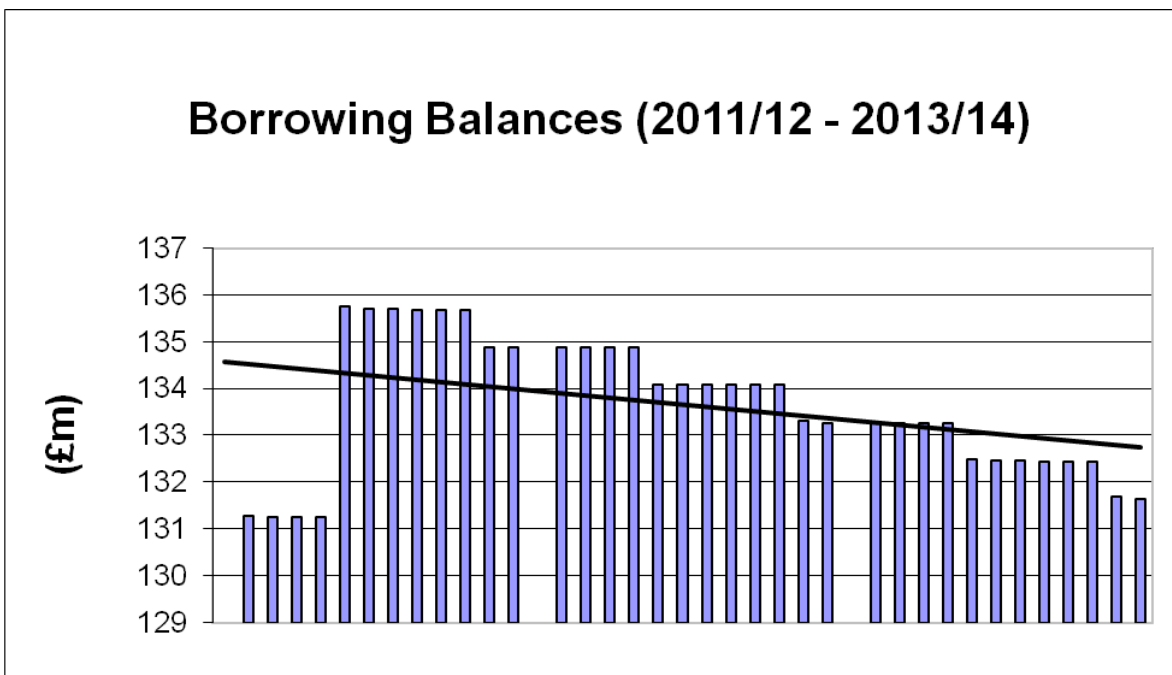
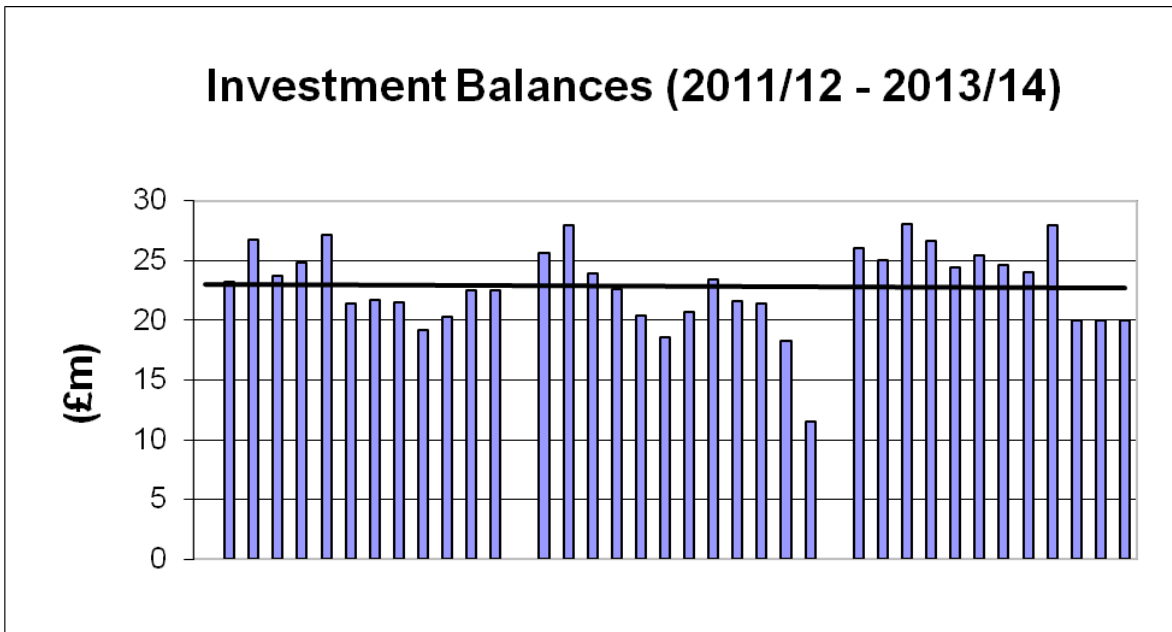
1 Background

- 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 April 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 2014/15
 - Annual Investment Strategy for 2014/15
 - Prudential Indicators for 2014/15, 2015/16 and 2016/17 (**Annex A**)
 - Minimum Revenue Provision (MRP) Statement

2 Treasury Position

- 2.1 The levels of the Council's investment and borrowing balances over the last three years are shown in the graphs below. The first chart shows that the amount of money we have to invest has remained fairly constant over the last three years. The second shows the Council's borrowing has decreased over the course of the last three years as we have relied on internal borrowing as much as possible instead of undertaking external borrowing from the Public Works Loan Board (PWLb).

**Treasury Management Strategy Statement
and Investment Strategy 2014/15 to 2016/17**



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 The Authority may invest its surplus funds with any of the counterparties in table 1 below, subject to the cash and time limits shown.

**Treasury Management Strategy Statement
and Investment Strategy 2014/15 to 2016/17**

Table 1: Approved Investment Counterparties

Counterparty	Cash limit	Time limit
Banks and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	10 years
	AA+	5 years
	AA	4 years
	AA-	3 years
	A+	2 years
	A	1 year
	A-	
The Authority's current account bank (Natwest Bank Plc) if it fails to meet the above criteria	£4m	next day
UK Central Government (irrespective of credit rating)	unlimited	50 years
UK Local Authorities (irrespective of credit rating)	£8m each	10 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher	£5m each	10 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings	£5m each	5 years
UK Building Societies without credit ratings	£1m each	1 year
Money market funds and other pooled funds	£3m each	n/a
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser	£1m each	1 year

- 3.3 This strategy aims to diversify our investments across a larger number of financial institutions which will reduce our current reliance on a limited number of UK banks. 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, banks will no longer be able to rely on bail-outs and they will be expected to stand on their own feet. This increases the risk to large investors such as local authorities who may be required to provide a proportion of the amount required to cover the bank's losses in the event of default. 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 Consequently, for a group of banks under the same ownership, the banking group limit will now be equal to the individual bank limit. This is a reduction in our previous limit which was set at 1.5 times the individual bank limit.
- 3.5 As a result of an improvement in the housing market and a strengthening of building societies' balance sheets, the 2014/15 strategy will add a number of building societies to our investment list which will help us to spread our investments over a larger number of financial institutions. This will include

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

building societies without credit ratings where an external credit assessment by our treasury advisers, Arlingclose Ltd, shows them to be suitably creditworthy.

- 3.6 The Authority's current account is held with Natwest Bank Plc which is currently rated at the minimum A- rating in table 1. Should the credit rating fall below A-, the Authority may continue to deposit surplus cash with Natwest Bank Plc providing that investments can be withdrawn on the next working day, and that the bank maintains a credit rating no lower than BBB- (the lowest investment grade rating).
- 3.7 The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. 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. The extent of these restrictions will be in line with prevailing financial market conditions. 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 for example, or with other local authorities. This will

**Treasury Management Strategy Statement
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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
2,219	635	239	408	398

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.

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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-	£10m
Total investments in foreign countries rated below AA+	£10m
Total non-specified investments	£20m

3.12 **Approved Instruments:** The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits where the Authority may demand repayment at any time (with or without notice),
- callable loans where the borrower may demand repayment at any time,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

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.

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.

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

- 4.3 However, as the Corporate Plan is now progressing, we intend to review this strategy and begin to undertake new borrowing. Borrowing rates are also expected to rise so the intention is to borrow to take advantage of the lower rates which are available currently. 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 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
- UK local authorities
- any institution approved for investments
- any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK
- UK public and private sector pension funds
- capital market bond investors
- special purpose companies created to enable joint 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.

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 2014/15, this will be £8.2m.
- 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.

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- 6.3 The MRP Statement will be submitted to Council before the start of the 2014/15 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.

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 is made in accordance with statutory requirements (the General Determination of the Item 8 Credit and Item 8 Debit).

7 Reporting Treasury Management Activity

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

(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.

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

8 Other items

8.1 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.

8.2 Treasury Management Consultants

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

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

The Council maintains the quality of the service with its advisors 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.

8.3 Housing Revenue Account Subsidy Reform

The Welsh Government is in negotiations with HM Treasury regarding the reform of the HRA subsidy system in Wales. Details of the precise mechanism & timing are not available at this stage. The authority will monitor developments in this area as further details become available. It is likely the changes will be implemented from 2015/16.

8.4 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 may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

ANNEX A

PRUDENTIAL INDICATORS 2014/15 TO 2016/17

1 Background

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

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.

The Section 151 Officer reports that the Council had no difficulty meeting this requirement in 2013/14 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	2013/14 Approved £000	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Council Fund	29,727	30,559	23,903	5,027	4,571
Corporate Plan – Approved		7,139	2,246		
Corporate Plan – Proposed	6,603		11,649	34,083	29,102
HRA	9,182	7,384	6,178	5,179	5,335
Total	45,512	45,082	43,976	44,289	39,008

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.

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

3.2 Capital expenditure will be financed as follows:

Capital Financing	2013/14 Approved £000	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Council Fund					
Capital Receipts	1,738	1,451			
Grants & Contributions	14,016	19,740	9,015	1,868	1,841
Revenue Contributions & Reserves	1,009	1,175	729		
Supported Borrowing	6,846	4,196	5,702	2,909	2,730
Prudential Borrowing	6,118	3,997	8,457	250	
	29,727	30,559	23,903	5,027	4,571
Corporate Plan					
Capital Receipts		400			588
Grants & Contributions	990	1,200	2,834	12,252	6,207
Revenue Contributions & Reserves	2,505	1,213	1,976	7,245	4,844
Supported Borrowing	1,458	218	100		
Prudential Borrowing	1,650	4,108	8,985	14,586	17,463
	6,603	7,139	13,895	34,083	29,102
Total	36,330	37,698	37,798	39,110	33,673
HRA					
Capital Receipts	18	28	38	40	41
Grants & Contributions	2,400	2,400	2,400	2,400	2,400
Revenue Contributions & Reserves	1,024	890	943	1,658	1,805
Supported Borrowing					
Prudential Borrowing	5,740	4,066	2,797	1,081	1,089
Total	9,182	7,384	6,178	5,179	5,335

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	2013/14 Approved £000	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Financing Costs	12,168	12,669	13,002	13,958	14,399
Net Revenue Stream	190,687	191,573	187,683	185,882	185,882
Council Fund Ratio	6.38%	6.61%	6.93%	7.51%	7.75%
Financing Costs	3,092	2,973	3,249	3,385	3,390
Net Revenue Stream	12,662	12,727	13,260	13,882	14,575
HRA Ratio	24.42%	23.36%	24.50%	24.38%	23.26%

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	31/03/14 Approved £000	31/03/14 Revised £000	31/03/15 Estimate £000	31/03/16 Estimate £000	31/03/17 Estimate £000
Council Fund	150,707	145,486	161,803	171,967	184,174
HRA	33,375	30,669	31,705	30,889	30,031
PFI	10,526	10,526	10,437	10,058	9,627
Total CFR	194,608	186,681	203,945	212,914	223,832
Total Debt	153,460	141,648	161,598	177,769	195,608

Note that the projected debt level at 31/03/14 was originally estimated in February 2013 to be £12m higher than the revised estimate because the original estimate was based on the capital expenditure in the Capital Plan to be funded by borrowing for 2013/14. In practice, the Council has been internally borrowing as discussed earlier in the report and has not undertaken any external borrowing yet this year.

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.

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

Incremental Impact of Capital Investment Decisions	2013/14 Approved £	2014/15 Estimate £	2015/16 Estimate £	2016/17 Estimate £
Increase in Band D Council Tax due to:				
Prudential Borrowing	5.35	3.47	2.63	2.63
Capital Receipts	0.69	0.00	0.00	0.00
Reserves	0.40	0.55	0.00	0.00
Total	6.44	4.02	2.63	2.63
Average Weekly Housing Rents	1.67	1.01	0.95	0.95

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.

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 during 2014. 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

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

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

Authorised Limit for External Debt	2013/14 Approved £000	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Borrowing	175,000	165,000	220,000	240,000	260,000

Although details of the precise mechanism and timing are not available at this stage, the reform of the HRA subsidy system in Wales is likely to be implemented from 2015/16. Current calculations suggest that we will need to borrow £39m to buy ourselves out of the subsidy system and it is assumed that this will take place in March 2015. The borrowing limits shown above include an additional £40m 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	2013/14 Approved £000	2013/14 Revised £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Borrowing	170,000	160,000	215,000	235,000	255,000

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

Treasury Management Strategy Statement and Investment Strategy 2014/15 to 2016/17

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.

	2013/14 Approved %	2014/15 Estimate %	2015/16 Estimate %	2016/17 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	3.63	0	10
12 months and within 24 months	1.58	0	10
24 months and within 5 years	4.99	0	20
5 years and within 10 years	5.87	0	25
10 years and above	83.93	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.

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- 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:
- 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

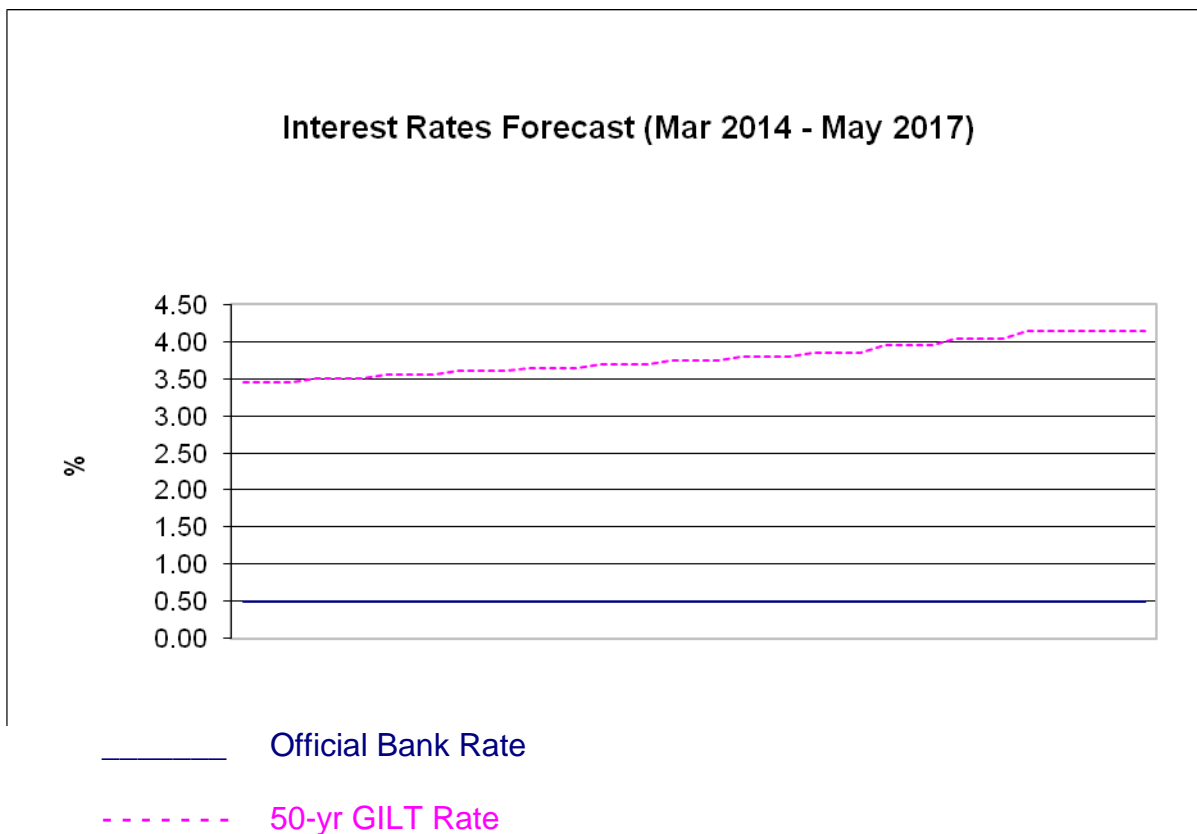
- 12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2013/14 Approved £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m
	6.00	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 March 2014 to May 2017. 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 remain at 0.5% for some time. 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%.



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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
GILTS	Investments issued by UK Government which pay a fixed cash payment to the holder
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

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Amendments to Treasury Management Strategy Statement (TMSS) 2014/15**Amendment 1 – Bank Deposits**

The following line is to be added to Table 1 under paragraph 3.2 of the original TMSS shown in Appendix 1.

Table 1: Approved Investment Counterparties

Counterparty		Cash limit	Time limit
Banks and other organisations whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	BBB+	£5m each	100 days

The limit on total investments without credit ratings or rated below A- is to be increased from £10m to £30m in Table 3 under paragraph 3.11. The overall total of non-specified investments is to be amended to £70m.

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-	£30m
Total investments in foreign countries rated below AA+	£10m
Total non-specified investments	£70m

Amendment 2 – Reverse Repurchase Agreements (REPOs)

The following line is to be added to the list of approved instruments under paragraph 3.12.

Approved Instruments: The Authority may lend or invest money using any of the following instruments:

- Reverse Repurchase Agreements (REPOs)

Amendment 3 – Covered Bonds

The word 'securities' is to be added to Table 1 under paragraph 3.2.

Table 1: Approved Investment Counterparties

Counterparty		Cash limit	Time limit
Banks, other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA	£8m each	10 years
	AA+		5 years
	AA		4 years
	AA-		3 years
	A+		2 years
	A		1 year
	A-		

GLOSSARY - Useful guide to Treasury Management Terms and Acronyms

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
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	<p>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</p> <p>For the party selling the security (and agreeing to repurchase it in the future) it is a REPO</p> <p>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</p>
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

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Report To: County Council

Date of Meeting: 4th November 2014

Lead Member / Officer:

Report Author: Gary Williams Head of Legal, HR and Democratic Services

Title: Budget Protocol

1. What is the report about?

1.1 The report is about an agreed process for Members to put forward amendments and alternatives to the budget proposals to be considered by Council.

2. What is the reason for making this report?

2.2 To seek Members' endorsement of a process by which alternative budget proposals can be put forward by Members for consideration alongside recommended budget measures at full Council.

3. What are the Recommendations?

3.1 That Members endorse the process by which alternative budget proposals can be put forward for consideration at Council as set out in Appendix 1.

4. Report details.

4.1 The Council's Standing Orders provide for a Member to be able to move an amendment to a motion without notice, i.e. at the meeting, in certain circumstances. These are to add or remove words from the motion / recommendation so long as the effect is not to negate the motion.

4.2 In previous years Members have moved amendments to budget proposals that have been relatively minor changes which it has been possible to absorb within departmental budgets. The ability to absorb variations to budget proposals will no longer be possible given the current financial climate. It will therefore be necessary for any proposed amendment to be accompanied by an alternative proposal.

4.3 The Council has been through a detailed and comprehensive review of its budgets and the proposals that will be brought to Council for consideration will have been subjected to rigorous costing, debate and impact assessment. It will not be possible to conduct this level of costing and impact assessment in respect of alternatives raised at a meeting with the same level of rigour.

- 4.4 In order that a Member who wishes to put forward an alternative budget measure is able to have that proposal considered properly at a Council meeting it is necessary to put in place a process by which such measures can be subjected to the appropriate level of costing and impact assessment.
- 4.5 It is suggested that a protocol be agreed by Members in respect of the way in which proposed alternatives or amendments to the budget be put forward to Council.
- 4.6 A draft Budget Protocol has been prepared and is attached at Appendix 1 to this report.
- 4.7 Clearly, for Members to be able to properly consider what amendments, if any, they would like to propose, they will need to have sufficient notice of the proposals that will come before them at Council. In the current process Members have also had the benefit of debating and scrutinising budget proposals at a series of budget workshops. At each of these workshops Members have been provided with information relating to the impact of and the amount of savings forecast to be achieved by each proposal.
- 4.8 Members will therefore have received sufficient information to understand the nature of the proposals and to identify potential alternatives that they may wish to pursue.
- 4.9 Under the proposed draft Protocol, Members who wish to have an amendment and alternative proposal considered at Council, having had the benefit of costing by finance officers and an impact assessment, should provide details of their proposal with a seconder to the Head of Finance and Assets as soon as is practicable but in any event no less than 10 working days before the Council meeting at which the Member wishes it to be considered.
- 4.10 This means that proposed amendments and alternatives will have the benefit of appearing in the published papers in order that they may be given due consideration by Members in advance of and at the meeting.

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

- 5.1 The decision has no direct impact on Corporate Priorities.

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

- 6.1 There are no direct costs associated with this report. There may be an additional burden on finance officers if multiple alternative proposals are put forward for costing.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

- 7.1 There is no impact assessment report required with this report.

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

- 8.1 The draft budget Protocol has not been considered by Scrutiny. The issue was discussed at a Budget Workshop on 8th October and it was agreed that this process be put forward for endorsement by Council.

9. Chief Finance Officer Statement

- 9.1 The budget process takes a lot of time and effort to complete. Should Members wish to propose amendments they need to ensure that they give officers as much time as possible to review them. Larger proposals clearly need longer to assess. There is a risk that although officers get the time to review the proposals, that the papers are not provided in time for Members to properly consider the proposal.

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

- 10.1 The risk of not having an agreed process whereby proposed alternative budget measures can be fully costed and impact assessed in advance of a meeting of Council is that Members who wish to propose alternative measures are not able to have them considered by Council on the same basis as the recommended budget proposals.

11. Power to make the Decision

Section 151 Local Government Act 1972

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Budget Protocol

The budget setting process for the next few years is going to be more complex and more difficult for Members to achieve consensus.

This is likely to mean that proposals put forward for consideration at Council may well be proposals that some Members will feel unable to support without amendment.

It is necessary to consider how best to accommodate Members' legitimate rights to seek amendments of proposals.

The Council's Standing Orders allow a Member to move an amendment without prior notice as follows:

An amendment to a motion must be relevant to the motion and will either be:

- (i) to refer the matter to an appropriate body or individual for consideration or reconsideration;
- (ii) to leave out words;
- (iii) to leave out words and insert or add others; or
- (iv) to insert or add words,

as long as the effect of (ii) to (iv) is not to negate the motion.

Although it must be the case that Members are able to put forward amendments, the difficulty with the budget proposals is that a legal budget must be passed in February. It cannot be delayed or deferred.

Any proposal to remove or reduce one of the proposals will mean that an alternative saving or package of savings will have to be put forward to take its place in order to achieve the same overall result.

All of the proposals that will be recommended to Council will have been fully costed and been subject to a thorough impact assessment. Inevitably, the impact of alternative proposals put forward at a Council meeting will not be able to be assessed on the hoof, neither will there be enough time for finance officers to confirm that the alternatives will achieve the level of required saving.

In these circumstances, Members may not be confident in approving alternative proposals and, in some situations, statutory officers may have to advise Members at the meeting that they should not pass the alternative. This may mean that otherwise valid amendments or alternative choices will be defeated.

It is therefore in the interests of those who wish to move amendments to give adequate notice to officers in order that those proposals can be considered, costed and impact assessed. Members at the Council meeting will then have genuine options to consider.

Clearly, for Members to be able to properly consider what amendment, if any they would like to propose, they will need sufficient notice of the proposals that will come before them at Council.

In the current budget process Members are getting ample notice. There have been a series of workshops at which Members have been given detailed information and been able to question officers on their proposals. At the end of each workshop Members have been asked to confirm the list of items that they are prepared to put to the vote at Council.

This means that Members will have sufficient time from the end of the budget workshops until the publication of Council papers during which they can seek advice on any alternatives they may want to propose. Members can speak to officers individually or may invite officers to advise their groups on any proposals they may wish to explore.

Cabinet will be considering proposals for recommendation to Council at its meeting on the 25th November. The list of proposals that they will be considering will be published in advance of this meeting. The Cabinet recommendations will be considered by Council on 9th December.

Any Member who wishes to propose an amendment to any of the proposals and, consequently, make an alternative proposal should submit their amendment and proposal with a seconder, in writing, to the Head of Finance and Assets by no later than 25th November in order that officers may cost the alternative and conduct an impact assessment. The amendment and proposal can then be included with the papers for Council on 9th December.

There will be a further budget workshop in December with further proposals being considered by Cabinet on 13th January for recommendation to Council on 3rd February.

The same procedure for amendments and alternative proposals will apply.

Members who wish to propose an alternative must do so by sending their proposal in writing, with a seconder, to the Head of Finance and Assets by no later than 20th January in order that it may be costed, impact assessed and included with the papers for Council on 3rd February.

Report To: County Council

Date of Meeting: 4th November 2014

Lead Member / Officer: Councillor Barbara Smith – Lead Member Modernisation and Performance

Report Author: Gary Williams – Head of Legal, HR and Democratic Services

Title: Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014

1. What is the report about?

1.1 To advise Council of changes that are introduced by the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014 ("the 2014 Regulations")

2. What is the reason for making this report?

2.1 The 2014 Regulations amend the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2006 ("the 2006 Regulations") in such a way that changes are required to the Council's Constitution.

3. What are the Recommendations?

3.1 That Council notes the changes introduced by the Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014 in relation to the process for appointing, dismissing and conducting disciplinary investigations of certain officers of local authorities and the new requirements for determining the level of remuneration paid to Chief Officers.

3.2 That delegated authority be given to the Council's Monitoring Officer to make the necessary amendments to the Constitution.

4. Report details.

4.1 The 2006 Regulations required local authorities to have within their Constitution provisions relating to, amongst other things, the appointment of Chief Officers and the taking of disciplinary action against certain senior post holders in an authority.

4.2 The Local Government (Wales) Measure 2011 introduced the requirement that each local authority designate one of its officers as 'Head of Democratic Services'.

- 4.3 The 2014 Regulations came into force on 1st July 2014 and make a number of amendments to the 2006 Regulations insofar as they relate to the employment of senior officers.
- 4.4 The first of these is that where a local authority wishes to appoint a Chief Officer, and pay a remuneration of £100,000 per annum or more, the post must be publicly advertised (unless the appointment is for a period of no longer than 12 months). The definition of a Chief Officer contained in the 2006 Regulations includes, for the purposes of this Council, the roles of Chief Executive, Corporate Director and Head of Service. Previously, the 2006 Regulations allowed local authorities to choose to appoint internally.
- 4.5 The second of these is that decisions relating to the function of determining the level of remuneration, and any change to the level of remuneration, of chief officers must be taken by the Council and cannot be delegated to a committee or individual.
- 4.6 The 2014 Regulations also require that any investigation into any alleged misconduct by a Head of Democratic Services should be dealt with in the same way as any allegation involving the Head of Paid Service, the Monitoring Officer or Chief Finance Officer. This means that an investigation must be conducted by an independent person and no disciplinary action may be taken against the officer unless recommended or directed by the designated independent person.
- 4.7 The 2014 Regulations also require that decisions about the dismissal or appointment of the Monitoring Officer and Head of Democratic Services cannot be taken by the Head of Paid Service or officer appointed by him. These posts must now be added to the list of posts whose appointment or dismissal must be conducted by a committee and such a committee must have at least one executive member in its membership. The posts already on this list are Head of Paid Service, any Chief Officer or Deputy Chief Officer.
- 4.8 The 2014 Regulations also require the removal of 'Mayor and Council Executive' and 'Alternative Arrangements' models as potential models of governance.

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

- 5.1 This decision has no direct impact on the Council's priorities but ensures that the Council's Constitution is in accordance with the law.

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

- 6.1 There are no direct costs associated with this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

7.1 The changes set out in this report are required by law and as such the Council has no choice but to adopt them.

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

8.1 This report has not been the subject of consultation and has not been presented to Scrutiny

9. Chief Finance Officer Statement

9.1 There are no obvious financial implications arising from the report

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

10.1 There are no risks associated with this report. The risk of not taking this decision is that the Council's constitution and procedures are not in accordance with the law.

11. Power to make the Decision

11.1 Local Authorities (Standing Orders) (Wales) (Amendment) Regulations 2014.

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