

To: Members of the Cabinet

Date: 21 September 2016

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Dear Councillor

You are invited to attend a meeting of the **CABINET** to be held at **10.00 am** on **TUESDAY, 27 SEPTEMBER 2016** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G Williams
Head of Legal, HR and Democratic Services

AGENDA

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

1 APOLOGIES

2 DECLARATION OF INTERESTS (Pages 5 - 6)

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

3 URGENT MATTERS

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

4 MINUTES (Pages 7 - 16)

To receive the minutes of the Cabinet meeting held on 26 July 2016 (copy enclosed).

5 LOCAL BUS AND EDUCATION TRANSPORT SERVICES (Pages 17 - 22)

To consider a report by Councillor David Smith, Lead Member for Public Realm (copy enclosed) detailing the actions taken following the collapse of GHA Coaches Ltd and seeking agreement on the future strategy for local bus services.

6 TOWN AND AREA PLANS FUNDED PROJECT UPDATE (Pages 23 - 26)

To consider a report by Councillor Hugh Evans, Leader and Lead Member for the Economy (copy enclosed) recommending the funding of specific schemes as identified within the report.

7 GROWTH VISION FOR THE ECONOMY OF NORTH WALES (Pages 27 - 46)

To consider a report by Councillor Hugh Evans, Leader and Lead Member for the Economy (copy enclosed) seeking approval of the 'Growth Vision for the Economy of North Wales' as a basis for negotiations with the UK and Welsh Governments over a Growth Deal Bid for the region.

8 FINANCE REPORT (Pages 47 - 82)

To consider a report by Councillor Julian Thompson-Hill, Lead Member for Finance, Corporate Plan and Performance (copy enclosed) detailing the latest financial position and service budgets for 2016/17.

9 CABINET FORWARD WORK PROGRAMME (Pages 83 - 86)

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

PART 2 - CONFIDENTIAL ITEMS

EXCLUSION OF PRESS AND PUBLIC

It is recommended in accordance with Section 100A (4) of the Local Government Act 1972, that the Press and Public be excluded from the meeting during consideration of the following item of business because it is likely that exempt information (as defined in paragraphs 14, 16 and 17 of Part 4 of Schedule 12A of the Act) would be disclosed.

10 RHYL WATERFRONT DEVELOPMENT HOSPITALITY PHASE AGREEMENT (Pages 87 - 102)

To consider a confidential report by Councillor Hugh Evans, Leader and Lead Member for the Economy (copy enclosed) updating Cabinet on progress with the Rhyl Waterfront Development project and seeking approval to complete the Hospitality Phase Agreement.

11 FORMER NORTH WALES HOSPITAL, DENBIGH - COMPULSORY PURCHASE ORDER (Pages 103 - 108)

To consider a confidential report by Councillor David Smith, Lead Member for Public Realm (copy enclosed) regarding progression of the Compulsory Purchase Order of the site.

MEMBERSHIP

Councillors

Hugh Evans
Julian Thompson-Hill
Eryl Williams
Bobby Feeley

Hugh Irving
Huw Jones
Barbara Smith
David Smith

COPIES TO:

All Councillors for information
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Town and Community Councils

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LOCAL GOVERNMENT ACT 2000

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:

*(See the note below)**

Signed

Date

*Note: Please provide sufficient detail e.g. 'I am the owner of land adjacent to the application for planning permission made by Mr Jones', or 'My husband / wife is an employee of the company which has made an application for financial assistance'.

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CABINET

Minutes of a meeting of the Cabinet held in Conference Room 1a, County Hall, Ruthin on Tuesday, 26 July 2016 at 10.00 am.

PRESENT

Councillors Hugh Evans, Leader and Lead Member for the Economy; Bobby Feeley, Lead Member for Social Care, Adult and Children's Services; Hugh Irving, Lead Member for Customers and Libraries; Barbara Smith, Lead Member for Modernisation and Housing; David Smith, Lead Member for Public Realm; Julian Thompson-Hill, Lead Member for Finance, Corporate Plan and Performance and Eryl Williams, Deputy Leader and Lead Member for Education

Observers: Councillors Martyn Holland, Arwel Roberts, Huw Williams and Mark Young

ALSO PRESENT

Chief Executive (MM); Corporate Director: Communities (NS); Head of Legal, HR and Democratic Services (GW); Lead Business Partner – Organisational Development (AM); Programme Manager – Modernising Education (JC); Senior Valuation and Property Surveyor (MJ); Chief Finance Officer (RW), and Committee Administrator (KEJ)

ANNOUNCEMENTS

The Leader –

- (i) updated members on the recovery of Councillor Huw Jones who had recently been taken ill and confirmed interim arrangements to realign his responsibilities to other Cabinet Members to ensure all areas of his portfolio would be covered in his absence together with, as far as possible, his community responsibilities, and
- (ii) congratulated Wales football team on their success in Euro 2016 and thanked officers involved in arranging the fan zone at Rhyl events arena for Wales' Euro semi-final match at such short notice which had proved popular and had been well received.

1 APOLOGIES

Councillor Huw Jones, Lead Member for Community Development

2 DECLARATION OF INTERESTS

No declarations of interest had been raised.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Cabinet meeting held on 28 June 2016 were submitted.

RESOLVED that the minutes of the meeting held on 28 June 2016 be approved as a correct record and signed by the Leader.

5 PART 9 OF THE SOCIAL SERVICES AND WELL-BEING (WALES) ACT 2014 - REGIONAL PARTNERSHIP BOARD

Councillor Bobby Feeley presented the report setting out the requirements to establish a Regional Partnership Board in each health board region in Wales, and the steps being taken to establish this Regional Partnership Board in North Wales.

The purpose of Part 9 was to improve outcomes and wellbeing of people as well as improving the efficiency and effectiveness of service delivery. The new statutory Regional Partnership Boards would promote integrated working and take an overview of a range of regional funding streams as directed by Welsh Government. A Shadow Board had been established to facilitate the process with formal establishment of the Board in September following agreement of statutory partners which included the six local authorities and Betsi Cadwaladr University Health Board. Councillor Feeley believed the Act had been a necessary catalyst for change in responding to increasing demographics, living longer and better lives.

The Lead Member and Corporate Director responded to questions as follows –

- the issue of resources (cash, people, assets, facilities, etc.) for partnership arrangements was not clear at this stage and would be a matter for the Board to consider; the Shadow Board had co-opted S.151 representation from the region, with the Council's S.151 Officer taking the lead, which gave assurances regarding the financial aspects of the arrangements
- the cooperation and partnership elements would help progress the integration of social services and health and the regional needs assessment would help identify priority areas for delivering integrated working locally which would include both regional and sub regional projects
- the Board would be responsible for ensuring an equitable and appropriate distribution of funding stream allocations from the Welsh Government to benefit the region
- third sector organisations would also be represented and become statutory partners when the formal Board was established.

RESOLVED that Cabinet –

- (a) *endorses the proposals of the Shadow Regional Partnership Board the establishment of the Regional Partnership Board subject to a continuing two way dialogue between the Board and partners on the work programme and operating arrangements for the Board;*
- (b) *nominates its statutory Director and lead member for Social Services to sit on the Board, and*

(c) *supports the structural option where –*

- (i) *the Leadership Group of Officers supports the Board by providing strategic advice and directing operational work*
- (ii) *the Board works in partnership with area arrangements to deliver integrated services and pooled budgets (where appropriate).*

6 EMPLOYMENT AND ICT POLICIES

Councillor Barbara Smith presented the report recommending adoption of four employment policies which had been developed/revised. The report detailed the two new policies and highlighted proposed changes within the existing policies and reasons therefore. Unions had been consulted and were in agreement.

The four policies referred to the following –

- (1) ICT Information Security Policy (Revised Policy)
- (2) Wellbeing and Support Policy (New Policy)
- (3) Phased Return to Work Procedure (New Procedure)
- (4) Travel Policy (Revised Policy)

It was noted that the Local Joint Consultative Committee (LJCC) had again been inquorate on the employees' side. Assurances were given that the Unions had been consulted on the policies outside of the LJCC meeting which had resulted in revised wording to the Wellbeing and Support Policy to satisfy them with regards to the treatment times when accessing counselling support and physiotherapy/osteopathy services. All final revisions had been agreed by the Unions prior to submission of the policy documents to Cabinet.

RESOLVED *that Cabinet adopt the employment policies as detailed within the report.*

7 STRATEGY FOR THE PREVENTION AND DETECTION OF FRAUD, CORRUPTION AND BRIBERY

Councillor Barbara Smith presented the revised strategy for the prevention and detection of fraud, corruption and bribery for approval. The previous strategy had been adopted in 2006 and the latest draft had been updated to take into account new legislative, technological and professional developments and included a clear message that the Council would not tolerate impropriety.

During debate questions were raised regarding actions to deal with a range of fraudulent activities together with any revisions in terms of identified best practice.

The Head of Legal, HR and Democratic Services responded as follows –

- explained that the Council would continue to adopt a proactive approach to countering fraudulent activities with the revised strategy clearly setting out the Council's position in that regard and the management controls in place

- advised that the Department of Work and Pensions was responsible for dealing with prosecutions relating to benefit fraud but for the sake of completeness housing/council tax benefit fraud had been referenced with the strategy
- since adoption of the policy in 2006 CIPFA had published new guidance with a greater emphasis on the identification of risk. Reference was now made in the Corporate Risk Register to promote vigilance and minimise risk and work had also been undertaken to create an effective counter fraud culture with a range of other strategies in place promoting vigilance together with measures to be taken should fraudulent activities be identified
- the Council had a range of measures to safeguard against internet fraud including secure IT and electronic procurement systems and identification checks. As part of the Public Sector Network the Council had to satisfy stringent government standards in terms of security on an annual basis.

RESOLVED that Cabinet approves the draft Strategy for the Prevention and Detection of Fraud, Bribery and Corruption as attached at Appendix 1 to the report.

8 ANNUAL TREASURY MANAGEMENT REPORT 2015/16

Councillor Julian Thompson-Hill presented the report updating Cabinet on the performance of the treasury management function and demonstrating compliance with treasury limits and Prudential Indicators during 2015/16.

In summarising the report Councillor Thompson-Hill referred to the economic background and impact on treasury management activities. He highlighted the main points for members in terms of borrowing and investment activity including the buyout of the County Hall PFI agreement and the Housing Revenue Subsidy buyout, both of which would result in significant savings to the authority. He also confirmed compliance with all prudential indicators set and guided members through those indicators as detailed in Annex B to the report. The Chief Finance Officer reminded members that the Council's borrowing was driven by its capital expenditure linked to the capital plan. Following the vote to leave the European Union there had been some fluctuation in financial markets which had since settled. Cabinet noted that the Corporate Governance Committee received a regular update on treasury management activities.

The following matters were raised during the ensuing debate –

- the recent announcement that banks may introduce negative interest rates, which would effectively mean they would start charging to accept deposits from business customers, was discussed. It was confirmed that such a measure would affect cash in the Council's current account and, if introduced, the risk would need to be carefully managed in order to limit exposure for holding money in current accounts and may result in modifying the current strategy in order to deposit more cash with the treasury than in banks
- the treasury management strategy was based on balancing risk with return on investment and over the last eight years returns had been very low compared to pre 2008 and a cautious approach was taken in that regard
- reference was made to the current borrowing strategy as a means of determining borrowing amounts and repayment periods – it was explained that

the strategy was governed by the current debt portfolio and maturity dates together with capital financing requirements; the debt profile was considered over a fifty year term

- assurances were sought over banks credit ratings and the Chief Finance Officer reported upon real time updates provided to the Council from its treasury advisers, Arlingclose Ltd to ensure immediate action could be taken to safeguard cash in those circumstances and the situation was constantly monitored. The latest advice in that regard was that no action was necessary.

Cabinet also expressed concern over the future financial uncertainties for both local government and the wider local and national economy and the impact of the vote to leave the European Union. Assurances were sought that members would be kept abreast of any developments in that regard as they emerged and that the Council would be in a position to influence and respond quickly in order to maximise any benefits to the county.

RESOLVED that the Annual Treasury Management Report for 2015/16 be noted.

9 FINANCE REPORT

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

- a net overspend of £0.402m was forecast for service and corporate budgets
- 42% of savings had been achieved to date (target 5.2m) with a further 25% making good progress – a number of savings were being reviewed and the results would be included in future monitoring reports
- highlighted current risks and assumptions relating to individual service areas
- a general update on the Housing Revenue Account, Housing Capital Plan and the Capital Plan (including the Corporate Plan element).

The following matters were raised during debate –

- Councillor David Smith referred to the need for the continual overspend on the School Transport budget to be addressed in the next budget round with a view to providing additional funding to meet the full cost of provision
- additional cost was also being incurred by the Council as a result of GHA Coaches going into administration as the Council tried to cover as many of those bus services as possible. Councillor Smith reported upon a forthcoming meeting with the Minister for Economy and Infrastructure to discuss what support would be available from the Welsh Government in that regard. Members discussed the implications both in terms of cost and future viability of particular bus routes and it was suggested that concerns regarding the potential loss of bus services, particularly in rural areas, also be raised with the Minister. Officers provided assurances regarding the robustness of the Council's tendering process for services, including price and quality criteria, and contractors would need to meet rigorous due diligence tests prior to the contract award. Unfortunately in the current financial climate the position of companies could change quite rapidly. In terms of future transport provision a revised

model or more innovative approach involving communities may be required. The Leader recommended that the Rural Transport Forum be resurrected, or a similar transport forum be established, to discuss the concerns and the way forward

- reference was made the pressures around the North and Mid Wales Trunk Road Agency (NMWTRA) contract with some staff having been moved to other service areas to reduce cost pressures and works had been limited to snow clearance and gritting. Concerns regarding the role of NMWTRA could be raised with the new Minister at the next meeting in October to ascertain whether he shared the view of the previous Minister. Councillor Huw Williams highlighted his concern regarding the poor condition of the A5 and Councillor David Smith explained that responsibility lay with the Welsh Government and recommended he contact the Minister directly in that regard
- Councillor Eryl Williams referred to Cabinet's decision to set up a task and finish group to review school balances and advised that work had started in that regard. He also referred to the Ruthin Primary Schools project as detailed in Appendix 4 to the report and asked that, for transparency, future reports also include the total overall project cost in addition to the feasibility/design element
- it was noted that inflationary pressures such as implementation of the National Living Wage and increase in care home fees would be met through service reserves in 2016/17 but it was a short term fix which would need to be addressed over the longer term
- in response to a question regarding other school refurbishment projects requiring capital investment, Councillor Eryl Williams reported that work had been carried out to identify areas for investment in anticipation of Band B funding which would be launched shortly.

RESOLVED that Cabinet notes the budgets set for 2016/17 and progress against the agreed budget strategy.

10 CABINET FORWARD WORK PROGRAMME

The Cabinet Forward Work Programme was presented for consideration and members noted the following additions/amendments –

- Faith Based Secondary Provision – moved from September to October
- Town and Area Plans Funded Projects Update – September
- Former North Wales Hospital (CPO) – October
- LDP Annual Monitoring Report 2016 and LDP Review – October

RESOLVED that Cabinet's Forward Work Programme be noted.

EXCLUSION OF PRESS AND PUBLIC

RESOLVED that under Section 100A of the Local Government Act 1972, the Press and Public be excluded from the meeting for the following items of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 12, 13 and 14 of Part 4 of Schedule 12A of the Local Government Act 1972.

11 GLASDIR EDUCATIONAL DEVELOPMENT (REPLACEMENT SCHOOL BUILDINGS AND FACILITIES FOR RHOS STRET SCHOOL AND YSGOL PEN BARRAS, RUTHIN)

Councillor Eryl Williams presented the confidential report seeking Cabinet approval to award the construction contract for the Glasdir educational development. The project included the construction and subsequent completion of the replacement school buildings and facilities for Rhos Street School and Ysgol Pen Barras.

During consideration of the report members noted the project procurement process together with funding requirements and projected timescale for completion. Councillor Williams responded to various issues raised regarding the development and reported upon the robustness of the process for calculating current and future pupil numbers with sufficient means for future expansion if the need arose. Assurances were also provided regarding the budget allocation for the project and flexibility in terms of contingency costs. Reference was also made to the future aspirations for the existing schools' site which had been well documented in terms of extra care housing provision. Councillor David Smith advised that he was seeking clarification regarding measures to be put in place to ensure a safe route to school, the cost of which should be met by the developer.

RESOLVED that Cabinet approves the final decision to enter into a formal contract with the named contractor as specified within the report for Phase 3 of the contract related to the Glasdir Educational Development project in accordance with the Council's Financial Regulations, subject to the overall funding package approved by full Council not being exceeded.

12 TYN Y CELYN, LLANBEDR DYFFRYN CLWYD, RHUTHUN

Councillor Julian Thompson-Hill presented the confidential report recommending Cabinet approved the declaration of the farm and land as surplus to requirements and its subsequent disposal on the open market.

Cabinet considered the merits of the proposal noting that disposal conformed with the Council's agricultural estates strategy and would generate a capital receipt providing finance for capital projects. The retention of approximately 25 acres would provide an opportunity to let that land to a new entrant to farming. Members welcomed the opportunity for new entrants and Councillor David Smith was keen that preference be given to candidates with an agricultural qualification and for local colleges to be actively involved to support the new entrant. Councillor Eryl Williams also mentioned that other organisations were providing opportunities in Snowdonia. Officers reported that discussions had previously taken place with a college regarding ways of assisting new entrants and that research had been carried with regard to other opportunities that were available. The need for an open selection process was highlighted and that the proposal was still in the development stages, but that the Agricultural Estate Working Group would be inputting into the selection process.

Councillor Eryl Williams stressed the need to ensure value for money with a minimum reserve price being set and asked that further consideration be given to

dividing the land into lots to ensure maximum income generation. He expressed concern that without the correct lotting, land could subsequently be sold by the new owner at inflated prices in the short term. Officers detailed the rigorous valuation and disposal process and use of an overage clause to protect the council's future interests with regard to any planning consent over the property. The reasoning behind the proposed division of land was further elaborated upon but in response to concerns raised, it was agreed to give further consideration to lotting of the site, and Cabinet agreed to amend the resolution to reflect that action.

RESOLVED that Cabinet approves –

- (a) *the declaration of Tyn y Celyn Farm amounting to circa 10.32 ha (25.47 acres) as shown edged red on Appendix A to the report as surplus to requirements and approves the disposal of the farm on the open market, having given due consideration to the lotting of the site and professional valuation advice as to the most advantageous proposal for the Council;*
- (b) *the retention of circa 10.42 ha (25.74 acres) of bare land and shown hatched in red on Appendix A to the report in order to let this land to a new entrant to farming;*
- (c) *that a portion of the capital receipts of circa £50,000 arising from the disposal should be retained and utilised so as to enable an agricultural building/base for the operations to be provided as part of the bare land letting, and*
- (d) *approves the declaration of the remaining 10.42 ha (25.74 acres) of land shown hatched in red on Appendix A to the report as surplus to requirements and approves the disposal of this land on the open market should it not have been possible to let this land to a new entrant within a period of 12 months.*

13 LODGE FARM, DENBIGH

Councillor Julian Thompson-Hill presented the confidential report recommending Cabinet approved the declaration of the farm and land as surplus to requirements and its subsequent disposal as detailed within the report.

Cabinet considered the merits of the proposal which complied with the Council's agricultural estates strategy and noted the safeguards in place to protect the Council's future interest in the site via overage conditions. It was also noted that the land designated in the LDP for housing would be retained.

RESOLVED that Cabinet approves the declaration of Lodge Farm, Denbigh (as edged red on Appendix A attached to the report) as surplus to requirements and approves the disposal of the farm as detailed within the report.

The meeting concluded at 12.35 p.m.

Report To: **Cabinet**

Date of Meeting: **September 27th, 2016**

Lead Member / Officer: **Cllr David Smith, Lead Member for Public Realm
Tony Ward, Head of Highways & Environment**

Report Author: **Peter Daniels**

Title: **Local Bus & Education Transport Services**

1. **What is the report about?**

The collapse in July 2016 of the largest passenger transport bus & coach supplier in south Denbighshire (GHA Coaches Ltd) has resulted in a fragmented service for passengers. This report considers the actions taken immediately afterwards and in the light of future costs considers the Council's strategy for passenger transport services.

2. **What is the reason for making this report?**

The budget for local bus services will be overspent for 2016/17 as a result of the services reinstated following the collapse of GHA Coaches. A decision is therefore required to endorse the actions taken by officers in conjunction with the Lead Member in replacing those services. Agreement is also required on the future strategy for local bus services.

3. **What are the Recommendations?**

That Cabinet:

- (a) Endorse the actions taken by officers to fill service gaps following the collapse of GHA, i.e. support the criteria (highlighted in paragraph 4.5) used to re-instate services till the end of this financial year
- (b) Agree that the council will use reserves to contribute to some of the additional costs incurred during 2016/17 (on the assumption that Welsh Government will also make an additional financial contribution).
- (c) Agree that discussions about the future budget for local bus services should form part of the forthcoming budget workshops.

4. **Report details**

- 4.1 GHA Coaches Ltd ceased trading after last operation on July 13th, 2016. GHA had operated a significant number of education bus contracts. It also operated all local bus services south of Denbigh, most of which were supported financially by the Council.
- 4.2 In April, concerns regarding GHA resulted in officers raising a risk and developing a contingency plan. In July, officers immediately reinstated school transport as their

top priority. During August, officers tendered all GHA's school contracts that were closed to the general public.

- 4.3 Local bus services were restored, at least in part, progressively from July 14th, 2016 in accordance with the contingency plan. Former GHA supported services currently running are either on emergency quotations or de minimis agreements (i.e. arrangements not requiring a quotation) pending a decision as to the forward strategy, whereupon officers will tender them.
- 4.4 For local bus services, the basis of the contingency plan was to ensure that all communities served by a bus continued to benefit from some form of service. Few services were restored fully and officers have thus far taken a pragmatic approach in replacing them. Where, for example, there is a high proportion of education movements it was possible to offer a fuller service. By contrast, some journeys over weaker elements of the network were reduced or suspended pending further decisions and an understanding of the forward budget. These included some evening/Sunday journeys and some deeper rural routes which now see fewer journeys.
- 4.5 The contingency plan was specific about which journeys should be covered. In broad terms, this translated to reinstating in whole or in part:
- (i) Strategic services to a reasonable level (on Mondays to Saturdays, daytimes).
 - (ii) Secondary routes to a reasonable level, especially those with learners.
 - (iii) Tertiary routes such as local routes and those to deeper rural areas, to as appropriate a justifiable level of service within the likely resources available, so that residents could undertake their personal business.
 - (iv) Evening/Sunday services with significant known work-related movements.
- 4.6 Initially passengers seemed content and even relieved that at least some form of service had continued. With time, there was a growing concern that reduced reinstatements placed passengers in detriment.

Financial Implications

- 4.7 The situation remains somewhat fluid and particularly for local bus services there were a number of changes of contractors as time progressed. Figures are currently under scrutiny by accountancy colleagues before a full figure can be reported. The additional costs at the time of submitting this report are as follows:

(a) Education Transport

<u>Additional</u> costs post-GHA		2016/17 (part year)	2017/18 (full year)
DCC education transport	Directly funded by DCC's education transport budget	£118,000	£186,000
Ysgol Dinas Brân additions	Funded by education	£41,000	£64,000
Dyffryn Clwyd	Funded by the consortium	£16,000	£25,000
Total		£175,000	£275,000

(b) Local Bus Services

- 4.8 This additional costs for this are harder to predict because of the fragility of the network and such factors as the yet unknown additional costs of cross-boundary

services from neighbouring authorities. The emerging position, in terms of bus services, is that the Council is likely to spend an additional £43,000 during 2016/17, without covering all former GHA journeys and without providing suitably accessible vehicles on all journeys (i.e. not all journeys enjoy access for wheelchairs). The previously anticipated underspend of £10,000 in 2016/17 therefore now results in a projected net budget overspend of £33,000.

- 4.9 Had officers replaced services like-for-like, the additional cost for 2016/17 would be some £247,000. Note that any future tenders would need to include accessibility and this element is unavoidable. It may therefore be necessary to trim services in order to fund accessibility improvements if the budget remains static for 2017/18.

Estimated additional costs post-GHA		2016/17 (part year)	2017/18 (full year)
Bus services as reinstated	Directly funded by DCC's local bus budget and WG grant	£43,000	£60,000
<u>Less</u> projected underspend to LBS budget prior to GHA Collapse		£10,000	£14,000
Subtotal net impact on budget		£33,000	£46,000
<u>Add</u> full costs of unreplaced services/vehicle accessibility		£247,000	£348,000
Total		£280,000	£394,000

- 4.10 The Cabinet Secretary has stated he is willing to assist financially with the additional costs incurred during 2016/17 as a result of the collapse of GHA Coaches. However, there is an expectation that the council will also contribute to the additional costs.

Forward Plan

(a) Education Services

- 4.11 In the medium term, replacement of existing services by contract is the only option. Longer term, the Council could, for example, consider again operating its own fleet.

(b) Local Bus Services

- 4.12 The local bus budget in 2014/15 was £419,000. Members cut this to £235,000 in 2015/16 with no further cut in 2016/17. The government grant of c.£435,000 has remained broadly the same since 2013/14. The amount of funding available in 2016/17 is therefore £670,000, which is 20 per cent lower than 2014/15.
- 4.13 There has been no decision about the council budget for local bus services for 2017/18. However, we do know that costs, post-GHA, are increasing sharply, and that any *additional* government mitigation for 2016/17 will cease. It is also unclear whether the *standard* government grant will continue as is. It is therefore prudent to consider exactly what the Council can afford in future.
- 4.14 It is proposed that members debate the future level of budget for local bus services as part of the forthcoming budget workshops. To assist members, officers have developed a suggested list of criteria for prioritising services. This is outlined in the Appendix to this report, together with approximate costs.

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

Vulnerable people are protected & able to live as independently as possible: a significant proportion of bus users tend to be vulnerable people including older and disabled people (up to 100% of users in deeper rural areas).

Developing the local economy: it ensures residents who do not have their own transport can be economically active by providing work-related journeys and also in accessing education.

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

There is a strong inter-relation between the public and education transport budgets. Both are currently managed by the Head of Highways & Environmental Services.

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

Previous EQIAs for the 2015/16 cuts and the (aborted) proposed 2016/17 cuts indicate that there would be a disproportionate effect on older, younger, disabled and vulnerable people. All such people tend to be the major users of bus services. This therefore formed part of the thinking around ensuring that all communities served by a bus continued to benefit from some form of service. This will need to be considered further as part of any discussions about the future budget for public transport.

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

There was no opportunity for consultation within the timescale of the collapse. Officers had to react to what was an emergency situation.

9. Chief Finance Officer Statement

The Council is expecting additional support from the Welsh Government to part cover the additional expenditure in 2016/17. Any resultant gaps will be an allowable overspend and dealt with as part of the overall service and Council position which is reported to Cabinet through the monthly Finance Report. The ongoing funding position beyond this financial year will be considered as part of the budget round for 2017/18.

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

- Reputational risk in terms of a reduction in public transport (mitigated by ensuring that all communities have some form of service).
- Economic impact on town centres and a further reduction in footfall (unlike out-of-town locations, the bus is good at reaching town centres) (no mitigation).

11. Power to make the Decision

School transport services are statutory where they meet the Learner Travel Measure 2008. Local bus services are discretionary (note, however, some local bus services carry statutorily entitled learners). Powers to tender local bus services are within the Transport Act 1985.

APPENDIX
Suggested Future Provision for Passenger Transport Services

Forward Plan for a New Landscape

(a) Education Services

In the medium term, replacement of existing services by contract is the only option. Longer term, the Council could consider again operating its own fleet.

(b) Local Bus Services

A suggested priority would be as follows, in broad order of importance. Funding all of these would require funding certainty. Such a plan is broadly consistent with the former Taith Network Strategy:

		Estimated net indicative cost p.a. to the bus service budget	Cumulative effect
1	Ensure strategic services not operated commercially are covered on Mondays to Saturdays, daytimes	£314,000	£314,000
2	Ensure secondary routes are also covered, especially those carrying significant numbers of learners (these reduce the off-peak cost to the Council). The level of service will be determined by demand and the amount of funding from the education transport budget	£215,000	£529,000
3	Consider other ways of funding "third tier" more community-based bus services (see below)	£224,000	£753,000
4	Cover strategic routes evenings/Sundays not provided commercially where there are identified work-related movements	£22,000	£775,000
5	Cover other strategic evening/Sunday services	£200,000	£975,000
6	Cover remaining evenings/Sundays	£15,000	£990,000
		£990,000	£990,000

Actual figures will depend on tenders received and the recharges between local bus services and the education transport budget. Estimates assume accessible vehicles.

The budget for 2016/17 is £669,000. The additional estimated figure upon tender to replace like-for-like would therefore be £321,000.

There is scope across the board and especially within the "third tier" services to make economies. Officers to date have been adept at matching services with available budgets.

Allied to these and given the post-GHA fragmentation where services are spread across a number of operators is the formal introduction of a network ticket to allow full ticket inter-availability to that passengers may move easily between services irrespective of operator. This was a lower priority when there was a unified network in south Denbighshire.

Third Tier Services

Rather than simply expect WG to pick up all the additional costs in the long term, it might be more beneficial to explore alternatives and seek nursery funding from WG to establish them with the view to their being at least partly self-sustainable in the future.

An alternative model for deeper rural area between strategic bus routes may therefore be appropriate. Such areas include those south and west of Ruthin; the area around Corwen; and north east and north west of Denbigh. These are now difficult to cover appropriately and at reasonable cost.

The solutions available all have strengths and weaknesses but might include:

- The Council operating services directly
- The Council leasing vehicles to community groups or operators
- The community car scheme
- A hybrid of some of the above where a small accessible vehicle might undertake school routes morning and afternoon and be available for a fixed/semi-demand service between the school peaks.

Report To: Cabinet
Date of Meeting: 27th September 2016
Lead Member / Officer: Cllr. Hugh Evans, Leader
Report Author: Alan Smith, Head of Business Improvement & Modernisation
Title: TAP funded projects update

1. What is the report about?

The Town Champions Group have met to consider the progress of the outstanding projects derived from the Town and Area Plans. These are their recommendations.

2. What is the reason for making this report?

The Town Champions Group has considered the position of the outstanding projects and would like to recommend that for some the funding is withdrawn and that others are funded in their place.

3. What are the Recommendations?

- That the uncommitted funding totalling £100,000 is used to support the schemes identified in the report.

4. Report details

In June 2015 the Town Champions Group undertook a rigorous review and prioritisation of TAP funded projects. These are the 'Horizon' projects, all of which were expected to have been completed by May 2017. Since then, the group has been monitoring their progress, including planning to re-allocate any project underspend that might arise.

The Town Champions were concerned that some projects on the list appeared at risk of not being delivered within the agreed timescale. These were:

St Asaph Library	£100k
Corwen Pavillion	£50K
Llangollen pre-school project	£30K

At the Town Champions meeting of the 25th July, all three of these projects were reviewed and Members concluded that:

- The funding for the Corwen pavillion project should continue to be made available, as current information indicated that this scheme would be delivered in the timescale.
- The original proposal for the Llangollen pre-school project had proved unviable, however a modified proposal had been submitted to improve the

existing building instead. Members considered that this provided similarly improved outcomes for pre-school children and could potentially be delivered in the available timescale, but wanted further information before making a decision.

- Members considered a significantly expanded proposal for the St Asaph Library project. They asked for more information on this in order to decide whether to support this revised proposal or to restrict funding to the original scheme. Members also wanted to be confident that either version of this scheme could be delivered in the timeframe available.

At the previous meeting of the 28th June, the group had requested proposals from Members for projects that could utilise the then expected underspend of £49,000. During the review of current projects, a further underspend of £20,000 was identified on the Llantysilio Link Path scheme, and so this too was added to the available pot, making £69,000 funding available for re-allocation.

17 proposals had been submitted to the group, and these were assessed using the same scoring system as had the original bids. Two projects were also re-assessed at the meeting after additional information had been submitted. On the basis of these assessments, the group decided to recommend to Cabinet that the following proposals should be funded:

Llangollen Sports Club – new grass cutting equipment	£ 5,400
Pentredwr – Community Centre refurbishment	£ 3,000
Cunning Green environmental improvements	£ 1,500
Rhuddlan Library Community Hub accessibility	£12,000
Rhyl Coastal Defence enhancement Phase 2	£35,000
Offa’s Dyke Trail Brass Plaques, Prestatyn	£ 5,000
Total	£61,900

At the September 6th Town Champions meeting, Members considered further information on the list of prioritised projects. As a result, Members decided to support the continued funding of the St Asaph Library scheme *as originally submitted*, providing it is delivered within the timescale. However, Members decided to *withdraw* the promise of funding from the Llangollen pre-school scheme, as no further information had been received on this and they were no longer confident of its successful delivery.

Along with some underspends from projects that had been completed under budget, this left a final amount of £38,100 to be reallocated. Based on the scoring criteria, Members decided to allocate the funding to three other projects on the list, these were:

Aberwheeler link path	£23,200
Meliden Goods shed	£11,500
Cae Cymro Business units	£ 3,400
Total	£38,100

It is expected that all the allocated funding will be spent by the end of May 2017. Delivery of all the live projects will be monitored through this period and progress reported back to Town Champions. There is now no further funding available for TAP projects.

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

This decision will support the effective deployment of Council funds to support community initiatives.

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

The costs are as set out in the 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

These should be carried out on an individual project basis where required.

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

The report contains recommendations from the Town Champions group of Members, no other consultations have been carried out.

9. Chief Finance Officer Statement

The proposals in the report can be funded within existing resources and can therefore be supported. The progress of the projects need to continue to be monitored to ensure their successful implementation and to ensure value for money is achieved.

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

That funding allocated to community projects will not be fully deployed.

11. Power to make the Decision

Members have agreed that Cabinet should decide how to allocate this tranche of community funding.

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Report To:	Cabinet
Date of Meeting:	27 September 2016
Lead Member / Officer:	Cllr Hugh Evans, Leader Rebecca Maxwell, Corporate Director: Economy & Public Realm
Report Author:	Iwan Trefor Jones, North Wales Economic Ambition Board
Title:	Growth Vision for the Economy of North Wales

1. What is the report about?

This report sets out the result of recent discussions at regional level about opportunities to significantly grow the economy in North Wales, resulting in the preparation of a shared Growth Vision document to be used in negotiations with UK and Welsh Governments.

2. What is the reason for making this report?

To approve the “Growth Vision for the Economy of North Wales” as the basis for negotiations with the UK and Welsh Governments over a Growth Deal Bid for the region.

3. What are the Recommendations?

Cabinet is invited to

- approve the “Growth Vision for the Economy of North Wales” (attached at Appendix 1) and endorse its use as the basis for negotiations by the North Wales Economic Ambition Board with the UK and Welsh Governments over a Growth Deal Bid for the region, and
- note that any formal Growth Deal Bid arising will be presented for decision by Council prior to any commitment being made by Denbighshire County Council.

4. Report details

Attached to this report is the “Growth Vision for the Economy of North Wales” document. It sets out clearly the Strategy, Priorities and Action Plan of Strategic Projects to deliver sustainable economic and employment growth across the region.

The “Growth Vision” document provides the strategic framework and context for strategic partners, particularly the UK and Welsh Governments, to collectively guide investment to North Wales and pool resources to fund strategic projects.

It also sets out a clear ambition for North Wales, especially in relation to infrastructure development, skills and employment, and business growth. If funding is secured to deliver the action plan of projects, the region will experience sustainable economic growth and the value of the North Wales economy will grow from £12.8 billion in 2015 to £20 billion by 2035. Such growth rate will generate at least an additional 120,000 new employment opportunities.

A theme that constantly underpins the “Growth Vision” document is collaboration and partnership working, with a strong private sector involvement and a “Team North Wales” approach. This builds on the strong alliances and joint planning that has taken place recently in the region through the work of the North Wales Economic Ambition Board.

There has been extensive consultation during the process of preparing the “Growth Vision”. Organisations such as Bangor University, Glyndwr University, Grwp Llandrillo-Menai, Coleg Cambria, Cheshire & Warrington LEP, Enterprise Zone Boards, Mersey Dee Alliance, Welsh Government, UK Government and others have been involved and engaged with the work over the last couple of months.

A significant contribution has come from the private sector through the North Wales Business Council. They have taken a pro-active approach, playing a significant role in the formulation and development of the Growth Vision and Strategy. At its meeting on the 4 July, 2016 the Business Council approved the “Growth Vision” and endorsed the Action Plan.

The involvement of the Local Authorities has also been crucial. The Leaders and Chief Executives of six Local Authorities met on the 15 July, 2016 and supported the “Growth Vision” for submission to the UK and Welsh Governments.

There has been positive engagement with the new Cabinet Secretary for Economy and Infrastructure of the Welsh Government. He has given his informal support to the concept of a “Growth Vision” for North Wales, which is integrated with North West England and connected to the wider UK economy.

Positive discussions have also taken place with the Secretary of State for Wales and the Under-Secretary of State at the Wales Office.

The document was officially approved by the North Wales Economic Ambition Board at its meeting on the 1 August, 2016.

There is therefore a broad base of support across the various sectors of the region to the “Growth Vision”. Given this base and strength of support there will no doubt be collectivism and momentum in the delivery of the Strategy.

We are now seeking formal approval of the six Local Authority Cabinets in the region for the vision and strategy.

The intention thereafter is to hold discussions and negotiations with the Chancellor of the Exchequer, Wales Office and Welsh Government, especially in relation to a potential investment programme to deliver the action plan of projects. It is also intended to hold discussions about a possible “Growth Deal” for North Wales. The Growth Deal is considered as one of the vehicles to secure investment to achieve the aims and aspirations of the “Growth Vision” from now until 2035.

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

Developing the Local Economy is a priority within the Council’s current Corporate Plan. While much work can be undertaken on this at a local level, there is no doubt

that strengthen the regional economy is also essential. The work to establish a shared Vision for Economic Growth for North Wales is a core component and it is anticipated that developing a formal Growth Deal Bid may be one route to achieving the regional growth vision.

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

There are no additional costs as a result of this report. The Council currently contributes £30K to the projects being undertaken by the North Wales Economic Ambition Board. This funding is topped up by contributions from Welsh Government and North Wales Business Council. As the negotiations on a potential Growth Deal Bid develop, the need for additional funding may emerge but are unknown as yet. The terms of any Growth Deal Bid itself will determine any further contributions the Council may be asked to make. These will be subject to further debate and formal decision by the appropriate governance structures of the Council before any firm commitments are made.

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

No Equality Impact Assessment has yet been carried out. This will be undertaken by North Wales Economic Ambition Board for the region as a whole as the terms of any formal Growth Deal Bid are developed.

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

As noted in the report, extensive consultation has been carried out at regional level. Locally, Councillors have been provided with a briefing at Council Briefing. Members of Denbighshire's Economic Ambition Programme Board have received updates as regional discussions have taken place.

9. Chief Finance Officer Statement

Approval of the strategic Growth Vision does not require the council to commit any additional funding. The future development of the strategic framework may require funding or resource from the council but decisions would be subject to existing internal governance and approval arrangements before commitments are made

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

The Growth Vision document does not present any particular risks in itself. As it develops into an implementation plan, including negotiations for any formal Growth Deal Bid, financial, operational and reputational risks will emerge. These will be considered as part of the regional work to deliver against the Vision Document and will be reported to Council in due course when any formal commitment from Denbighshire County Council is required.

As with any economic development activity, there is an inherent risk that the market does not respond and economic growth does not materialise. As mitigation, the Growth Vision is based on detailed discussions and a professional assessment of the North Wales economy, and its strengths, weaknesses and potential to grow.

11. Power to make the Decision

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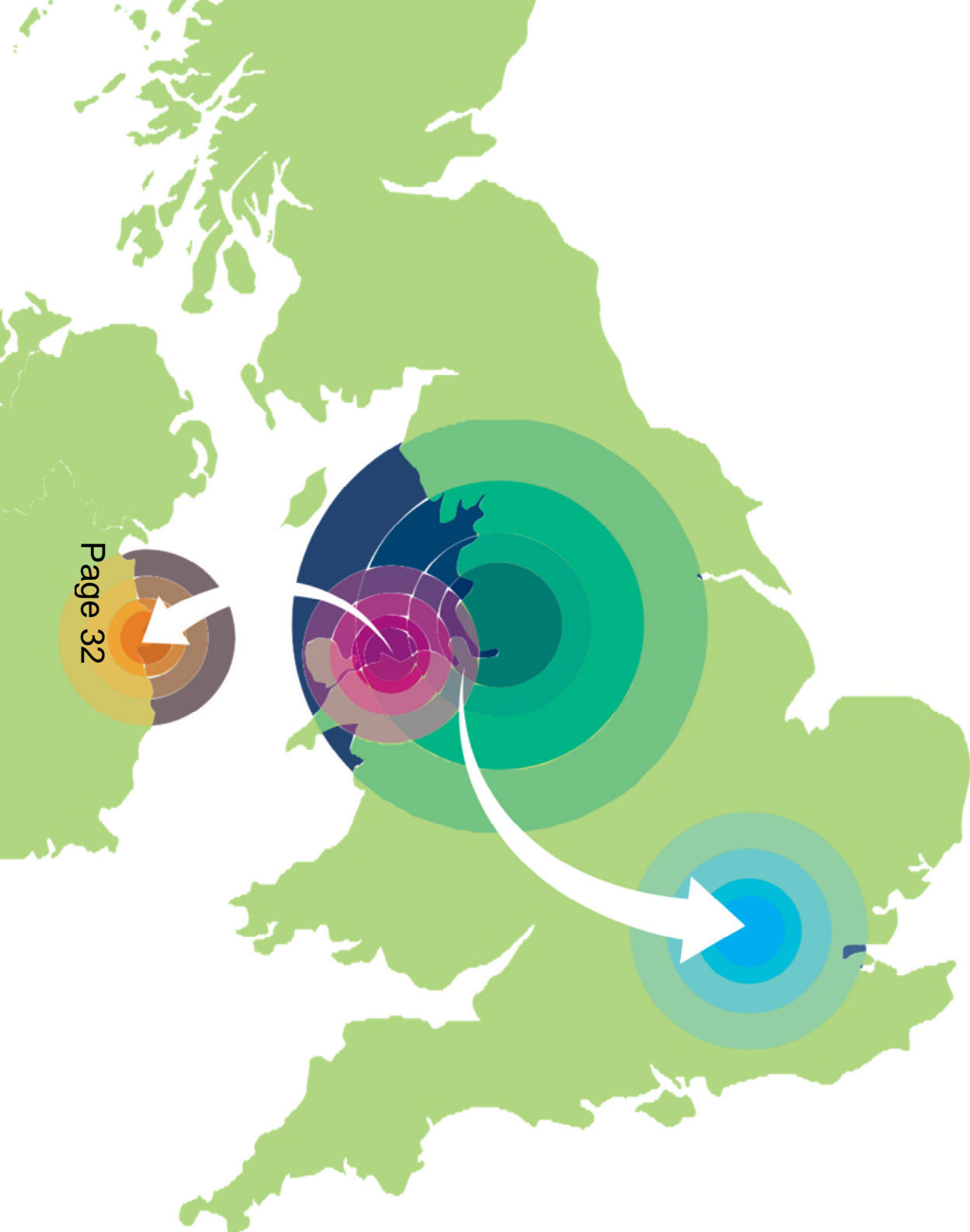
A Growth Vision for the Economy of North Wales

Page 31



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

July 2016



“A confident, cohesive region with sustainable economic growth, capitalising on the success of high value economic sectors and its connection to the economies of the Northern Powerhouse and Ireland.”

GROWTH VISION FOR NORTH WALES

This is a single, joined-up vision for economic and employment growth for North Wales. It will be achieved through collaboration and partnership working, with a strong private sector involvement and a *“Team North Wales”* approach, building close economic relationships with neighbouring areas.

It will also create the conditions to support the delivery of the UK Governments’ National Infrastructure priorities in North Wales, particularly Wylfa Newydd – which is one of the largest private sector investments into the UK – and the rail modernisation project from Crewe to Holyhead, which will include electrification.

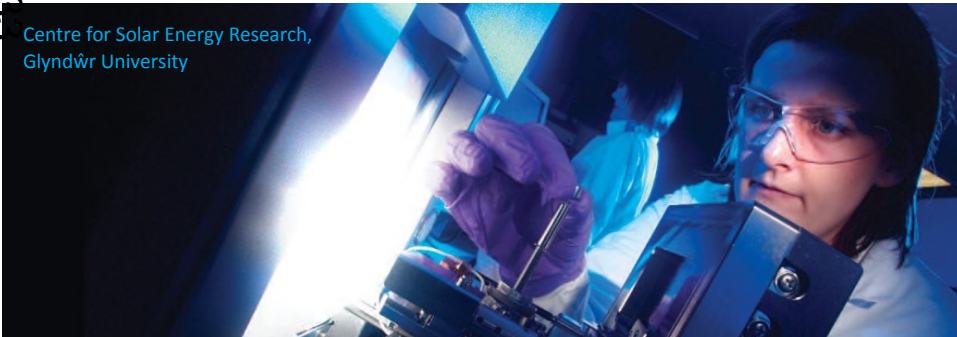
Our ambition for North Wales in 2035 is put forward in section 2 of the paper, with sections 3 and 4 setting out our Strategy and Action Plan of projects to deliver growth and enable the private sector to invest and boost productivity.

The purpose of this paper is to identify our vision for growth for North Wales, and to set out our Strategy and package of projects to realise that vision.

Various funding programmes will be explored to support the implementation of the Strategy and Action Plan of Projects, particularly a Growth Deal proposal with the UK and Welsh Governments.

Page 3

Centre for Solar Energy Research,
Glyndŵr University



The aims behind the vision are:

- To improve the economic, social, environmental, and cultural well-being of North Wales;
- To support and retain young people in the region’s communities;
- To address worklessness and inactivity across the region;
- To support and enable private sector investment in the region to boost economic productivity and to improve the economic and employment performance of North Wales.

NORTH WALES IN 2035.....

Delivery of the vision will be powered by high value economic clusters throughout North Wales.

The **energy cluster** will have expertise around energy generation, low carbon technologies and processes, with businesses well-equipped to exploit opportunities as a result of investment in Wylfa Newydd, Trawsfynydd Small Modular Reactors and off-shore wind, biomass and tidal energy projects. Businesses within the cluster will have strong linkages with leading energy research centres, especially in the Northern Powerhouse area, so as to facilitate effective knowledge exchange, innovation, high quality research and development, and technology commercialisation.

Importantly, synergies with energy sector cluster development activity in neighbouring regions will be fully exploited, especially supply chain opportunities. North Wales, together with the cross-border area and North West England, will be positioned as one of the leading UK locations for energy generation and energy related supply chain investment, with expertise in business and academia to seize opportunities for the global demand for low or zero carbon energy.



in this cluster, building on a strong network of anchor companies with international profile and a competitive edge in aerospace, materials and processes, marine and environmental engineering, automotive, electronics and food.

Anchor companies in this cluster will be supplied by SME's within the region with a reputation for high quality. The cluster will benefit from a portfolio of well serviced development sites as well as the availability of applied



knowledge assets and facilities, especially in higher education. Growth in this cluster will be driven in particular by Enterprise Zones (such as Deeside Enterprise Zone), as well as new investment in the Northern Gateway, Deeside; Wrexham Industrial Park; St. Asaph Business Park; Parc Bryn Cegin, Bangor and Parc Cybi, Holyhead.

The **digital cluster** will become an integral part of the region and the rapid growth of many digital businesses will confirm North Wales' position as a UK hub of technology excellence.

The diverse digital sector, including high performance computing, data analytics, media, cognitive computation etc., will be pivotal to the region, forging new innovative sectors and creating new ways to doing business.

The digital cluster will be the engine room for growth in North Wales, building on the competitive advantages in terms of academia, quality of life and outstanding natural beauty, and a quality infrastructure.

Creative industries, software development, health technology and financial science will all be part of such a cluster, building their own momentum for growth. Our strength in digital technology will be powered by strong applied research from the region's Universities and Further Education Colleges with electrical and software engineers driving the specialism in hardware and wireless communication. Some strategic sites will provide a focus for activities in the digital sector, in particular Menai Science Park, Wrexham Technology Park and St. Asaph Business Park.

The region will have a high concentration of digital companies – a significant technology cluster, creating a real and genuine “buzz” that will succeed in inspiring young people and creating an image of a modern, well-connected and outward looking region.

North Wales is economically connected to the **Northern Powerhouse**. Administrative boundaries will not be a barrier, with the economy of North Wales inextricably linked and closely aligned to North West of England.

Cross border collaboration will take place on the delivery of strategic projects, such as transport, and the development of key high value clusters which will boost economic performance and productivity.

Some of the key transformational projects in the region, such as Wylfa Newydd and Trawsfynydd Small Modular Reactors, offer huge potential synergy with the energy cluster in the Northern Powerhouse, and will directly benefit from the advanced manufacturing expertise within organisations such as the Nuclear Advanced Manufacturing Research

Centre based in Sheffield and the University of Manchester's Dalton Institute.

The region will also benefit from developing trade, commercial and business links with Ireland. The economic advantages of being positioned between major economic centres such as Manchester and Dublin will be maximised – further increasing our appeal as a major business destination.

The improvement of the regional transport and economic infrastructure will both support sustainable housing growth and improve



access to the region to promote its visitor offer. Delivery of the Vision will be integrated into plans for sustainable community planning and development which respect the unique cultural and linguistic characteristics of the region.

Achieving this ambition will ensure that North Wales will have a strong regional offer to the UK and Welsh Governments. This offer will be a concentration of innovative businesses in high value economic clusters embedded in the region, capitalising on the high level skills base, quality infrastructure and excellent connections to the Northern Powerhouse. Such a concentration will establish North Wales as a “Locality of Excellence” for the location of businesses in high value clusters and as a consequence, boosting UK productivity levels and re-balancing the economy.

STRATEGY TO DELIVER THE VISION

At the heart of our vision is the desire to improve **productivity**, **competitiveness** and **growth** across North Wales.

It has been developed and agreed by a wide partnership of people, organisations and the private sector who share a pride in, and ambition for, an area with unique assets, challenges and opportunities.

The focus will be on creating the appropriate conditions for high value economic clusters such as energy, advanced manufacturing and digital sector to flourish and boost their contribution to the performance of the economy.

This will be achieved by building on the strengths of the existing business base and overcoming barriers and challenges by delivering a package of strategic projects which are needed for positive change to transform the economy.

Increasing productivity is a key goal. However, to achieve this successfully, and to deliver a more successful and balanced economy, long term investment will be required to tackle long term challenges, especially around transport, skills and employment, business support and housing

needs.

The Strategy will deliver the vision of increased productivity, growth and jobs by focusing on the following:



Improving the infrastructure across the region, especially transport and digital, to facilitate and enable economic investment and to unlock the economic potential of North Wales. Digital technology needs to be significantly upgraded to act as a key enabler for productivity and driver of innovation and international trade. There is also a need to focus on improving access to employment sites, and to address traffic congestion problems on certain road routes, especially in the cross-border area. Investment also needs to take place in the North Wales railway network – the electrification of the railway line is a priority as well as improving the frequency, speed and the quality of rail services and the rolling stock. The region also needs to ensure that there is a portfolio of market-responsive, well-served, readily available development sites that meet the needs of current and future economic sectors and clusters, especially along the A55 corridor. This is crucial if we are to become the

favoured location of businesses and attract investment. The housing offer across North Wales - a key component of enabling growth - will have to respond to demographic shifts and cater for housing need across the region. There will be a need to encourage schemes that provide quality homes across a range of tenures, to suit a range of income levels and aspirations close to major employment centres.

Improving and upgrading the region's skills base and providing employment growth, focusing in particular on improving the supply of advanced skills in the high value economic clusters and tackling worklessness. Employers in the region need to be supported to drive skills provision that responds to their needs, retaining flexibility to respond to evolving requirements. We also need to ensure that young people and adults in the region are equipped with the skills that employers need, and ensure that the area provides an attractive employment proposition to attract and retain workers, particularly those with high level skills. The

Advanced Manufacturing Centre at Deeside, the Aerospace Technology Centre at Broughton and the new Skills Centre for Energy and Environment at Llangefni are examples of key projects that need to be delivered to support the skills agenda. The education system across the region will have to become more demand-led, reflecting the priorities of employers and growth sectors in the education curriculum. We also need to ensure that those seeking work have the skills to access sustainable employment, whilst those in work need to be supported to develop



their potential. Worklessness will be tackled through the delivery of integrated and co-ordinated programmes that will focus specifically on the individual's needs and circumstances – providing them with the confidence and the support to access the labour market.

Promoting and supporting business growth and innovation, especially in key sectors, and strengthening supply chains within the region. We need to create a highly supportive and competitive environment for our businesses, so that they remain resilient and embedded locally. It is crucial that this support is effectively co-ordinated, especially through a Team North Wales approach. Businesses in the region will also have the opportunity to capitalise on major private sector investment schemes, such as Wylfa Newydd, Deeside Enterprise Zone, Orthios Holyhead, and it is crucial that they are supported and equipped to access the relevant supply chains and retain expenditure regionally. We also need to boost growth in our enterprise pipeline across exports, innovation and business start-ups, especially through interventions that have the full engagement and commitment of the private sector. We also need to ensure that the appropriate services and facilities are available in the region to support the business sector to access research and development resources, in particular from higher education and further education. Pro-active marketing initiatives are also required in order to attract new investment, building on the strengths of various localities across the region, and establishing North Wales as a key destination. Put simply, we need to be “better known” as a high quality and excellent location for new investment, particularly in the high value economic clusters.

The balance of benefits will be shared to support the sustainable growth of the different sub-regions of North Wales.

Consideration is being given now to a form of governance model which will be both inclusive and be capable of decisive and co-operative joint planning with Regional Partnerships such as Cheshire and Warrington.

STRATEGIC PROJECTS TO DELIVER THE STRATEGY

A portfolio of strategic projects have been identified to support the delivery of the strategy. These projects – which have all been identified as priorities by a partnership including Local Authorities, Welsh Government, the private sector and Higher and Further Education Colleges - are included below under the relevant headings.

It should be noted that the key priorities of all six Local Authorities for Infrastructure, Skills and Business Growth have been incorporated within this portfolio.



Infrastructure Plan to enable Growth:

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Road

- A55 / A494 Route Improvement Project (£210m), improving the main access from North Wales to the Northern Powerhouse*:
 - Aston Hill improvement
 - Flintshire Bridge alternative route
- A55 Capacity and Resilience Improvements (£35m):
 - Congestion issues at key pinch points e.g. Halkyn and Abergele
 - Resilience improvements
- A483 /A5 Route Improvement Project (£300m), improving the main access from North Wales to the Midlands and South*:
 - A483 / A55 junction at Chester Business Park
 - Wrexham Town Centre junctions
 - A483 / A5 junctions at Halton through to Oswestry
- A55 Menai Crossing (£135m)

	<ul style="list-style-type: none"> • A487 Caernarfon Bontnewydd bypass (£85m) • Holyhead Port Access (£10-15m) • Localised access to employment opportunities
Rail	<ul style="list-style-type: none"> • The delivery of a detailed prospectus (Growth Track 360) that outlines our ambition for rail service improvements and connectivity with HS2 at Crewe hub – including proposals to improve: <ul style="list-style-type: none"> • Service frequency and speed improvements (£20m – £25m)* • Network capacity improvements (£35m)* • Rolling stock improvements • Electrification of the network (£750m)* • Improved stations at Deeside
Integrated Transport	<ul style="list-style-type: none"> • The delivery of a regional passenger transport network that fully integrates transport modes.
Strategic Sites and Premises	<ul style="list-style-type: none"> • Deliver a managed programme that provides strategic employment sites with associated infrastructure including access: <ul style="list-style-type: none"> • Northern Gateway, Deeside (£10m)* • Warren Hall, Broughton (£20m)* • Wrexham Technology Park expansion (£10m)* • Wrexham Industrial Estate extension (£15m)* • Wrexham Business Quarter re-development (£8m)* • St Asaph Business Park expansion (£10m) • Abergele South East (£7m) • Parc Bryn Cegin, Bangor (£3m) • Parc Cefni expansion, Llangefni (£5m) • Parc Cybi, Holyhead (£2m) • Holyhead Port re-development (£5m) • Ferodo Site, Caernarfon (£5m) • Centre for Energy Generation at Trawsfynydd (£5m) • Snowdonia Aerospace Centre, Llanbedr (£6m) • Menai Science Park (£21m)

	<ul style="list-style-type: none"> Establish a regional Delivery Body to bring forward site and premises development and identify innovative funding opportunities.
Digital	<ul style="list-style-type: none"> Promote and deliver projects that increases ultra-fast broadband and mobile coverage that enable our businesses to access new markets. Accelerate the roll-out of the connectivity infrastructure programme in the region. Support continued investment in the digital network and infrastructure, especially mobile connectivity, and promote activities to exploit the availability of superfast broadband. Monitor usage and promote the capacity provided.
Housing	<ul style="list-style-type: none"> Address key barriers to housing delivery, especially in Wrexham and Flintshire, and ensure that a supply of adequate land for residential development is available to meet projected demand and need, especially reuse of brown field sites. Support to assist with costs associated with site remediation, the delivery of enabling infrastructure and the lack of funding caused by restricted access to banks and institutional funding will be available

(* also included within the Cheshire & Warrington Growth Deal Bid)



Skills and Employment Plan to enable Growth:

	<ul style="list-style-type: none"> Delivery of a strategy that increases the uptake of STEM subjects to support energy, advanced manufacturing and digital sector in North Wales. Identify skills demands and work with providers in Higher/Further Education and the third sector to support developing and up skilling the regional workforce. Develop initiatives and projects to promote a skills pipeline across education and training providers in support of regional economic priorities. Deliver specific projects and programmes intended to support the key sectors:
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- Grŵp Llandrillo Menai / Horizon ABWR Centre of Excellence and Nuclear Campus at Llangefni
- Centre of Excellence in Sustainable Energy at Bangor University and Menai Science Park
- Advanced Manufacturing Centre at Deeside and Business Productivity & Engineering Lab at Wrexham Glyndwr University
- Aerospace technology Centre at Broughton
- New Science & Technology Quarter at Bangor University
- To resource and fund a cross-border careers advice service to support the skills provision pipeline.



Supporting Business Growth Plan:

- Develop sector specific projects that support continued growth of the Advanced Manufacturing sector, especially in the Aerospace, Automotive, Packaging, Nuclear, Advanced Materials, Food & Drink sectors and Medical Sciences.
- Deliver the planned lower carbon energy generating and renewable energy projects, as well as promoting and supporting opportunities to develop further projects in the region, e.g. Morlais Marine Demonstration Zone, Sustainable Energy Catapult Centre.
- Promote the continued development of the high value / knowledge intensive Finance, Business, Creative & Digital service sectors growing in North Wales, e.g. Wrexham Financial Services.
- Boost growth in our Enterprise Pipeline on a cross-border basis across Exports / Innovation / Productivity and Business Start-Ups, through a package of funds and resources covering Research and Development Business & Higher/Further Education Research / Graduate Recruitment / Export Management / a regional 'Pop Up' Incubator Fleet.
- Leverage and pool existing resource supporting economic development through establishment of the North Wales Growth Acceleration & Investment Hub (North Wales Growth Hub), co-locating key Welsh Government and North Wales Economic Ambition Board resources in one location. All the key levers and support in one place - 'Team

North Wales’.

- Support businesses in the region to access opportunities stemming from major private and public sector investment schemes, especially through the supply chain. Some of these major projects include Wylfa Newydd, Menai Science Park, Enterprise Zones, Orthios Holyhead, and major road network improvements.
- Develop new initiatives to support the sustainability and resilience of the construction sector within North Wales.
- Provide support and incentives for major anchor companies based in North Wales to grow and develop further, such as Airbus / JCB / Siemens / Redrow / Moneypenny / Moneysupermarket / Toyota / Kingspan.
- Establish a Knowledge Transfer Programme - Connecting live business needs with research facilities and expertise across North Wales, Mersey Dee and wider Northern Powerhouse region.
- Develop projects to fast track the commercialisation of new technologies and market leading products, boosting innovation and productivity growth.
- Investment in the “Innovation Corridor” across North Wales to enhance and improve facilities and learning environments, and help position Bangor University, Glyndwr University, Coleg Cambria and Grwp Llandrillo-Menai in particular as hubs for innovation, research and development.
- Capitalise on the regions reputation as a place with great quality of life, as a world-renowned adventure tourism destination and as the pivotal location linking the Irish Market and our wider region of the Northern Powerhouse, by establishing a new Regional Marketing Fund to market North Wales.

IMPACT ON THE REGION'S ECONOMIC PERFORMANCE

The forecasted growth rate for the regional economy – based on current trends – is 1.9% between 2016-2035. However, we can achieve a higher growth rate with the delivery of the Growth Vision and Strategy, and increase the value of the North Wales economy from £12.8 billion to £20 billion by 2035 – representing a growth rate of 2.8%.

The value of the economy would increase by 56% in less than 20 years. It is estimated that such growth levels will generate at least an additional 120,000 new employment opportunities. This is based on considerations contained in an independent report commissioned by the North Wales Economic Ambition Board which modelled different scenarios of future movements in GVA within North Wales.

Such improvements in GVA and employment growth will significantly reduce the output gap with the rest of the UK

The projected provision for housing allocations currently in adopted or proposed Local Development Plans across the region (which end at different times) ranges from 37,500 homes to 44,100, which is 2,500-3,000 new homes annually. To date, 13,100 dwellings have been completed between April 2007 and April 2015 – the majority in the Flintshire and Wrexham area. This shows that the region has to be more ambitious in planning sustainable housing growth.

Given the growth projected in the region, measures need to be in place to ensure the removal of constraints and barriers to release designated sites for housing development – especially in areas of high employment growth. (This action is included in the Infrastructure Plan in the Strategy). There will also be a need for further allocation of land for housing as the Local Development Plans are renewed from 2021 onwards. This gives us the opportunity to ensure that the land use planning process is closely integrated and aligned with our economic growth strategy.

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NEW RESPONSIBILITIES FOR THE REGION TO DELIVER

The region is prepared and ready to accept new responsibilities and powers on key decisions that affect the region. This will support the delivery of the Growth Vision and Strategy, as well as promoting new ways of working and improving the co-ordination of services to businesses and people through a “Team North Wales” approach.

For example, there is potential to explore with the UK and Welsh Governments the following:

- Integration of employment and skills programmes at the regional level – in particular DWP programmes and WG skills initiatives targeted at the “hard to reach” groups and those who are economically inactive. An opportunity exists through such an approach to tackle worklessness in a much more meaningful and effective way, and tailor the new Work and Health Programme to meet the needs of North Wales.
- Asset Backed Investment Fund - This can be achieved if LA / WG / public body assets were pooled. Importantly if the approach was to be fully effective some of the powers currently held by WG from WDA / Land Authority days would give the new entity some key responsibilities and power.
- Strategic land use planning – in particular to achieve improved alignment between planning policies with economic development priorities. The process of identifying the supply

of land required for housing growth and economic growth could be done more regionally and strategically, as well as identifying strategic sites. An opportunity here to achieve better strategic integration between transport planning, economic planning and land use planning through a new and bold approach.

- A regional transport authority with the opportunity to prioritise schemes for funding across the region – with the aim of “enabling” economic growth.
- A business support and trade team – working across the region with a “team north wales” approach. This team would focus in particular on our growth sectors and overcoming barriers to growth and innovation. It could also include tourism and marketing.
- New fiscal powers at the regional level, in particular a programme of Tax Increment Finance projects funded by additional NNDR tax revenue gains from economic development activities, as well as a Regional Investment Fund to provide funding and finance for regeneration activities across the region.

North Wales is well placed to receive a range of new responsibilities, and is confident that the powers that will be devolved to the region – following negotiations and agreement with the UK and Welsh Governments – will have a positive impact on the delivery of the Growth Vision and Strategy, boosting productivity levels and improving the employment prospects of our residents.



Key partners unite behind Growth Track 360 rail prospectus

The Growth Vision is supported by:

Councillor Dilwyn Roberts, Leader



Councillor Hugh Evans OBE, Leader



Councillor Aaron Shotton, Leader



Councillor Dyfed Edwards, Leader



also

Chair, the North Wales Economic Ambition Board

north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru

Councillor Mark Pritchard, Leader



Councillor Ieuan Williams, Leader



Ashley Rogers, Chair



David Jones OBE, Chief Executive



Professor Maria Hinfelaar,
Vice Chancellor



Professor John Hughes,
Vice Chancellor



Glyn Jones OBE, Chief Executive





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Report To: Cabinet

Date of Meeting: 27th September 2016

Lead Member / Officer: Councillor Julian Thompson-Hill /Richard Weigh, Head of Finance

Report Author: Steve Gadd, Chief Accountant

Title: Finance Report

1. What is the report about?

The report gives details of the council's revenue budget and savings as agreed for 2016/17. The report also provides a summary update of the Capital Plan as well as the Housing Revenue Account and Housing Capital Plan.

2. What is the reason for making this report?

The purpose of the report is to provide an update on the council's current financial position and confirm the agreed service budgets for 2016/17.

3. What are the Recommendations?

Members note the budgets set for 2016/17 and progress against the agreed budget strategy.

Members formally approve the draft Medium Term Financial Plan which is included as **Appendix 5**.

Members approve the recommended actions to mitigate the effects on the financial outturn of savings either being deferred until 2017/18, or not being achieved at all as detailed in the table in **Section 6**.

Members approve the recommendation of the Strategic Investment Group to invest £4.4m in the first phase of the waterfront development project in Rhyl. The recommendation incorporates approval of a funding package that includes earmarking the capital receipt anticipated from the sale of the former Honey Club site in Rhyl. See tables in **Section 6**.

4. Report details

The report provides a summary of the council's revenue budget for 2016/17 detailed in **Appendix 1**. The council's net revenue budget is £185.062m (£184.756m in 15/16). The position on service and corporate budgets is a forecast overspend of £0.351m (overspend of £0.402m reported for July). Narrative around the current risks and assumptions underlying this assessment are outlined in Section 6.

Savings of £5.2m were agreed as part of the budget and a summary of the savings is shown as **Appendix 2**. As promised in July's report a full assessment of the progress of the 2016/17 savings has now been carried out. This assessment shows that 60% of savings have already been achieved, with a further 10% of savings making good progress, making a total of 70% likely to be achieved (67% reported last month). This leaves 25% of savings which are classified as being deferred (meaning that there is still the expectation that these savings can and will be achieved in 2017/18) and only 5% of savings which cannot be achieved within this timeframe. Further details and recommendations are included in section 3 and 6 of this report.

The draft Medium Term Financial Plan is included as **Appendix 5**. This has been circulated to Members via e-mail and also made available in the Members' Library. The purpose of including it in this report is to request formal approval of the document.

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

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

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

Significant service narratives are shown in the following paragraphs.

Customers, Communications and Marketing is currently projected to overspend by £55k (£138k last month). The pressure is due to redundancy costs and higher than anticipated relief costs.

Education and Children's Service is now reporting an over spend of £16k (break-even last month). The over spend relates to ongoing tribunal and legal costs. The service is currently undergoing a review of its structures which may release in year savings.

Finance is projecting to underspend by £20k (£37k underspend last month) due to staff vacancies. The staff vacancies are currently being reviewed in order to help deliver the required savings for 2017/18, while ensuring the service can still deliver effectively during this difficult economic period for the council.

Highways and Environment Services – Although a £300k overspend is being recorded for this service (same as last month), this is very much an indicative figure at this stage. The reasons for including an over spend at this stage are threefold:

- School Transport - the new policy applicable from September 2015, which was intended to resolve the ongoing budget pressure in this area, has been the subject of a number of appeals around the application of the policy. The resolution of the issues will involve an increase in ongoing School Transport costs as well as one-off specific legal costs.

- Additional costs are being incurred due to the recent failure of a local bus company. Plans are in place to cover both school and public transport routes but there will be additional costs involved, although at this stage the projections are still largely based on estimates. Further details around this issue are included in the report by the service also on the agenda for this meeting.
- The service is also facing pressures around the North and Mid Wales Trunk Road Agency contract - the service has reduced costs in order to limit the impact of the reductions in fee income that are currently known, however there remains a risk of further reductions in income and levels of work.

The service is identifying areas of possible underspend within the service to mitigate some of these risks, however at this stage it is unlikely that the service will be able to break-even. The budget process for 17/18 is taking into account some of the ongoing pressure around transport.

Although no specific variances are being reported on other services at this stage it is projected that the following services will need to identify management action in order to contain the following pressures within the overall budget:

- **Community Services** – inflationary pressures such as the implementation of the statutory National Living Wage (NLW) is will result in an increase in care home fees. Although it is hoped the pressure in 16/17 can be contained within existing budgets and through the use of reserves, the annual increase in NLW will cause a significant pressure in future years. Community Services utilised reserves of £0.386m in 2015/16 in response to such pressures and it is currently projected that the service will need to use approximately £1.7m of reserves in 2016/17. These pressures are being considered as part of the 2017/18 budget process and Medium Term Financial Plan.
- There also remains a number of demand-led and therefore volatile budgets such as **Children's placements**. Reserves have been put in place to help manage annual variances, however they remain areas of risk in 16/17 and beyond and will be monitored closely.

However services also have a healthy level of specific reserves and have been allowed to carry forward significant service underspends which are detailed in full in the Final Outturn Report for 2015/16. Also as part of the 16/17 budget process a one-year budget delivery contingency of £486k was set aside to mitigate the risks to the delivery of the budget including any delays in achievement of efficiency savings.

A full review of all in-year and future service and strategic pressures took place as part of the 2017/18 budget process. This detailed assessment has now been completed. As detailed in section 4, 25% of savings are now classified as being deferred (meaning that there is still the expectation that these savings can and will be achieved in 2017/18) and only 5% of savings that cannot be achieved within this timeframe. The table below summarises the position and identifies recommendations to deal with the resultant

pressures in year. The principle has been that for deferred savings cash resources have been identified, while for the 5% of savings that cannot be achieved permanent budget virements are recommended in order to allow services to plan for the future.

Service	Saving	Amount £000	Proposed Action
Community Support Services	In-house Review / Provider Service - Outsourcing	700	There is currently a delay in In-House Care Services Developments which has been the subject of detailed reporting, delay to be covered by use of reserves.
Facilities, Assets and Housing	Rhyl Pavilion Operating model	350	Deferred pending coastal development. Recommend use of corporate cash contribution in 16/17.
Facilities, Assets and Housing	Accommodation Strategy	258	Brighton Rd will not close this year. Recommend use of corporate cash contribution in 16/17.
TOTAL DEFERRED SAVINGS		1,308	
Customers, Communication and Marketing	Channel Shift Project	70	Channel Shift Project is currently being re-configured. Savings will not be achieved in 16/17 and the details of the revised project are not yet scoped out. Recommend to reverse these savings from central contingency. Alternative savings will form part of the new project scope.
Highways and Environmental Services	Channel Shift Project	140	
Education and Children's Service	Legal Fees	70	Assumed reduction to fees will not happen. Assume Recommend to reverse these savings from central contingency given pressures on Children's budget.
TOTAL UNACHIEVED SAVINGS		280	

Corporate – The Medium Term Financial Plan (MTFP) includes a savings target of £1m for 2017/18. It is likely that some of these savings will be identified and achieved during 2016/17. Progress will be reported to Members during the coming months.

Schools – Although schools received protection of 1.85% (£1.173m) they have also had to find efficiency savings to fund inflationary pressures of approximately £2.5m. As reported last month it was likely that the reduction in School's balances seen during 2015/16 would continue in 2016/17. Initial assessments of projected balances show that at the end of August the projection for school balances is a net deficit balance of £0.687m, which is a reduction of £2.249m on the balances brought forward from 2015/16 (£1.562m). Schools are currently working closely with Education Finance colleagues on detailed financial plans for the new academic year and over the following two years to deliver long term balanced budgets. Further details on the progress of this process will be reported monthly to Cabinet through the Finance Report.

The **Housing Revenue Account (HRA)**. The latest revenue position assumes an increase in balances at year end of £257k which is in line with the budgeted increase of £257k. HRA balances are forecast to be £2.861m at the end of the year. The Capital budget of £11.8m is allocated between planned

improvements to existing housings stock (£8m) and new build developments (£3.8m).

Treasury Management – At the end of August, the council’s borrowing totalled £188.726m at an average rate of 4.97%. Investment balances were £5.3m at an average rate of 0.39%.

A summary of the council’s **Capital Plan** is enclosed as **Appendix 3**. The approved general capital plan is £35.1m with expenditure to date of £8.9m. Also included within Appendix 3 is the proposed expenditure of £31m on the **Corporate Plan**. **Appendix 4** provides an update on the major projects included in the Capital Plan.

The Strategic Investment Group has reviewed and is recommending that the following works, part of the first phase of the waterfront development in Rhyl are approved. It should be noted that the element of works specifically covering the demolition of the Sun Centre were reported to SIG and approved within the delegation profiles of SIG members to ensure there was sufficient time to complete tendering exercises and the works before the winter. This element is grouped together below with internal improvements to the Theatre. For completeness, the remainder of this phase of works and details of the proposed funding are shown below.

Proposed works:

Sun Centre Demolition & Internal Theatre Improvements	£1.382m
External Recladding – Theatre	£1.186m
Refurbishment of east car park	£0.604m
Improvements to Children’s Village car park	£0.601m
Sky Tower enhancement	£0.316m
Aquatic Centre Design Fees	£0.175m
Sun Centre Hoardings	£0.013m
Unit C Demolition – Children’s Village	£0.171m
Total	£4.448m

Funding:

Welsh Government Grant	£3.500m
Capital Receipt (Former Honey Club site)	£0.550m
Residual Funding	£0.277m
Service Contributions	£0.121m
Total	£4.448m

The Welsh Government grant conditions require that it is fully expended by the end of the financial year. The capital receipt noted is estimated as net of fees. The residual funding is the remainder of balances held relating to the winding up of Clwyd Leisure Ltd. Service contributions are from the car parks budget to specifically contribute to the improvement works to car parks and will ultimately generate additional revenue.

Corporate Plan cash reserves at the beginning of 2016/17, are £2.050m. This is after taking account committed funding already transferred to the capital plan to fund expenditure in 2016/17 of £7m. Allowing for projected funding and additional expenditure during the year, the Corporate Plan balance at the end of the year is estimated to be £4.7m.

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

An EqIA has been completed for all relevant proposals included in the 2016/17 Budget.

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

In addition to regular reports to the Corporate Governance Committee, the budget process has been considered by CET, SLT, Cabinet Briefing and Council Briefing meetings. Specific proposals were reviewed by scrutiny committees. There were regular budget workshops held with elected members to examine service budgets and consider the budget proposals. The council has consulted its partners through the joint Local Service Board. All members of staff were kept informed about the budget setting process and affected staff have been or will be fully consulted, in accordance with the council's HR policies and procedures. Trade Unions have been consulted through Local Joint Consultative Committee.

9. Chief Finance Officer Statement

It is important that services continue to manage budgets prudently and that any in-year surpluses are considered in the context of the medium-term financial position, particularly given the scale of budget reductions required over the coming two or three years.

Specific pressures are evident in social care budgets but will be contained in the current year and considered as part of the budget process for 2017/18. Forecasts indicate school balances will continue to decline and the position will be kept under close review.

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

This remains a challenging financial period and failure to deliver the agreed budget strategy will put further pressure on services in the current and future financial years. Effective budget monitoring and control will help ensure that the financial strategy is achieved.

11. Power to make the Decision

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

Appendix 1

DENBIGHSHIRE COUNTY COUNCIL REVENUE BUDGET 2016/17

Aug-16	Net Budget	Budget 2016/17			Projected Outturn							Variance
	2015/16 (Restated)	Expenditure	Income	Net	Expenditure	Income	Net	Expenditure	Income	Net	Net	Previous Report
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%	£'000
Customers, Communications and Marketing	2,801	2,872	-370	2,502	3,039	-482	2,557	167	-112	55	2.20%	138
Education and Children's Service	14,302	27,920	-13,650	14,270	28,741	-14,455	14,286	821	-805	16	0.11%	0
Business Improvement and Modernisation	4,055	6,305	-1,767	4,538	5,528	-990	4,538	-777	777	0	0.00%	0
Legal, HR and Democratic Services	2,412	3,305	-908	2,397	3,387	-990	2,397	82	-82	0	0.00%	0
Facilities, Assets and Housing	8,535	19,646	-12,701	6,945	19,873	-12,928	6,945	227	-227	0	0.00%	0
Finance	2,530	4,861	-2,290	2,571	4,858	-2,307	2,551	-3	-17	-20	-0.78%	-37
Highways and Environmental Services	17,458	30,611	-13,659	16,952	30,723	-13,471	17,252	112	188	300	1.77%	300
Planning and Public Protection	3,164	5,803	-2,861	2,942	6,036	-3,094	2,942	233	-233	0	0.00%	0
Community Support Services	31,755	45,855	-14,623	31,232	47,651	-16,419	31,232	1,796	-1,796	0	0.00%	1
Total Services	87,012	147,178	-62,829	84,349	149,836	-65,136	84,700	2,658	-2,307	351	0.42%	402
Corporate	16,760	47,938	-29,059	18,879	47,938	-29,059	18,879	0	0	0	0.00%	0
Precepts & Levies	4,361	4,364	0	4,364	4,364	0	4,364	0	0	0	0.00%	0
Capital Financing	12,945	13,031	0	13,031	13,031	0	13,031	0	0	0	0.00%	0
Total Corporate	34,066	65,333	-29,059	36,274	65,333	-29,059	36,274	0	0	0	0.00%	0
Council Services & Corporate Budget	121,078	212,511	-91,888	120,623	215,169	-94,195	120,974	2,658	-2,307	351	0.29%	402
Schools & Non-delegated School Budgets	63,678	72,326	-7,887	64,439	74,082	-7,394	66,688	1,756	493	2,249	3.49%	2,249
Total Council Budget	184,756	284,837	-99,775	185,062	289,251	-101,589	187,662	4,414	-1,814	2,600	1.40%	2,651
Housing Revenue Account	-168	14,009	-14,266	-257	13,916	-14,173	-257	-93	93	0		0

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Appendix 2 Agreed Savings 2016/17

Agreed Savings by Service Area	F&F Phase	STATUS	2016/17 £'000
Business Improvement and Modernisation			
ICT restructure	4	In Progress	224
Corporate Improvement Team (corporate review)	1	Achieved	100
Deletion of vacant programme manager post	4	Achieved	61
Phased Retirement - Internal Audit	4	Achieved	14
Community Support Services			
Provider Service - Outsourcing	2	Deferred	700
Workforce Development	1	Achieved	75
Admin Review	4	Achieved	34
Changes to Process for Review of Care Packages	4	Achieved	27
POVA - Vacant Post	4	Replacement	10
Corporate			
Capital Financing and PFI	5 - DEC	Achieved	500
PFI Additional Savings	5 - DEC	Achieved	275
Capital Financing	1	Achieved	100
Management restructures (SLT)	5 - DEC	Achieved	80
Removal of contingency budgets	1	Achieved	75
Customers, Communication and Marketing			
Library Service - modernisation programme	4	In Progress	142
Library Service - community hub model development	4	Replacement	80
Channel Shift - digital choice	5 - DEC	Not Achieved	70
Library Service (Arts)	2	Achieved	30
Education and Children's Service			
Foster Home Adaptation Project	1	In Progress	100
SLT Restructure	4	Achieved	80
Legal/Professional Fees - reduced demand	5 - DEC	Not Achieved	70
School Library Service	2	Achieved	33
Early Intervention/Family Support - reconfiguration	5 - DEC	Achieved	23
S17 Carers' Grant - reduce to match demand (14%)	5 - DEC	Achieved	10
Facilities, Assets and Housing			
Rhyl Pavilion Operating model	2	Deferred	350
Accommodation Strategy	4	Deferred	258
Rhyl Pavilion - restructure and introduction of transaction fees	1	Achieved	35
Restructure of Strategic Leisure	1	Achieved	31
Alternative Funding (Town Council) - Ruthin Craft Centre	5 - DEC	Achieved	30
Review the funding of Lifeguard Cover	2	Achieved	28
Llangollen Pavilion - explore most efficient operating model	1	In Progress	25
Leisure Centres - further increase income and efficiency	1	Achieved	22
Ruthin Craft Centre - reduce subsidy	2	In Progress	20
Youth Services - changes to open access programme	1	Achieved	12
Finance			
Revenues & Benefits - Civica Project	2	Achieved	140
Finance - modernisation and efficiency	1	Achieved	60
Highways and Environmental Services			
Waste Management Efficiencies - shift patterns and working practices	4	Achieved	170
Channel Shift - digital choice	5 - DEC	Not Achieved	140
Highways general maintenance review	2	Achieved	125
Grounds maintenance	2	Achieved	94
Better take-up of Green Waste scheme	5 - DEC	Achieved	75
Legal, HR and Democratic Services			
HR Direct - facilitate more self-service for managers.	2	Achieved	35
HR Management - review school SLA, consider move to cluster model	2	Achieved	30
Occupational Health Review	4	Achieved	20
Member Support Officer	4	Achieved	20
Planning and Public Protection			
Public Protection - stop or reduce funding of CCTV Service	2	Achieved	200
EBD Restructure	4	Achieved	150
Built Service - review of conservation service	1	Achieved	50
Scientific Services - revert to statutory water testing only	1	Achieved	50
Planning Policy - prioritise activity and cease doing lowest priority work	1	Achieved	40
Building Control - revise fee structure (includes a further £35k in 17/18)	1	Achieved	35
Development Management - increase income revenue for pre application advice	1	Achieved	30
Pollution Control - review to consider minimum level of provision	1	Achieved	20
Development Management - reduce training provision to members, T&CCs, etc	1	Achieved	10
Total Agreed Savings 2016/17			5,218

Summary:	£'000	%
Savings Achieved	3,119	60
Savings In Progress	511	10
Savings Being Reviewed	0	0
Savings Not Achieved or Deferred and no replacement	1,588	30
Total	5,218	

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General Capital Plan

		2016/17	2017/18	2018/19
		£000s	£000s	£000s
Capital Expenditure				
	Total Estimated Payments - General	18,221	372	171
	Total Estimated Payments - Corporate Plan	16,184	5,327	250
	Contingency	684	500	500
	Total	35,089	6,199	921
Capital Financing				
1	External Funding	12,971	7,304	5,056
2	Receipts and Reserves	9,979	977	
3	Prudential Borrowing	12,139	2,287	234
5	Unallocated Funding	0	(4,369)	(4,369)
	Total Capital Financing	35,089	6,199	921

Corporate Plan

Revised February 2016

		£000s	£000s	£000s
Approved Capital Expenditure				
	Cefndy Healthcare Investment	103		
	Extra Care	6		
included in above plan				
	Highways Maintenance and bridges	2,742		
	Feasibility Study - New Ruthin School	485		
	Feasibility Study - Carreg Emlyn	273		
	Llanfair/Pentrecelyn Area School	436		
	Rhyl High School	2,889	332	
	Ysgol Bro Dyfrdwy - Dee Valley West Review	33		
	Bodnant Community School	935	61	
	Ysgol Glan Clwyd	8,269	4,934	250
	Faith Based Secondary	13		
	Estimated Capital Expenditure	14,748	24,745	23,165
	Total Estimated Payments	30,932	30,072	23,415
Approved Capital Funding				
	External Funding	33	2,435	187
included in above plan				
	Receipts and Reserves	6,107	977	
	Prudential Borrowing	10,044	1,915	63
	Estimated Capital Funding	7,290	9,682	17,166
	External Funding	7,290	9,682	17,166
	Receipts and Reserves	1,361	2,966	600
	Prudential Borrowing	6,097	12,097	5,399
	Total Estimated Funding	30,932	30,072	23,415

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Appendix 4 - Major Capital Projects Update - August 2016

Rhyl Harbour Development	
Total Budget	£10.710m
Expenditure to date	£10.712m
Estimated remaining spend in 2016/17	£ 0.104m
Future Years estimated spend	£ 0.000m
Funding	WG £2.713m; WEFO £5.950m; Sustrans £0.700m: RWE £155k; WREN/NRW £83k and DCC £1.109m
Narrative:	
As the project is being brought to a close, the remaining defects are being dealt with and the maintenance schedule for the bridge is being reviewed; this is to ensure that the current maintenance schedule is appropriate for the longer term.	
Forecast In Year Expenditure 16/17	£0.104m

21st Century Schools Programme – Bodnant Community School Extension and Refurbishment	
Total Budget	£3.581m
Expenditure to date	£3.262m
Estimated remaining spend in 16/17	£0.258m
Future Years estimated spend	£0.061m
Funding	WG £1.687m, DCC £1.894m
Narrative:	
<p>This scheme is one of five projects within the Band A proposals for 21st Century Schools Programme. The project will build 7 classrooms, a new school hall and supporting facilities on the current Juniors site. This will allow the Infants pupils to move to the Juniors site and the school to operate on a single site. The Infants site will then become surplus to requirements.</p> <p>Minor works were undertaken during the summer holidays to finish the link between the new extension and existing building and transition the site to function as one school with a new staff/visitor access from Ffordd Parc Bodnant. This work is now complete.</p> <p>The infants site is now surplus to the requirements of Bodnant Community School and a report will be presented to Asset Management Group regarding its future in the autumn.</p>	
Forecast In Year Expenditure 16/17	£0.935m

21st Century Schools Programme - Rhyl New School	
Total Budget	£24.586m
Expenditure to date	£22.671m
Estimated remaining spend in 16/17	£ 1.581m
Future Years estimated spend	£ 0.334m
Funding	DCC £12.293m; WG £12.293m
<p>Narrative:</p> <p>The project will provide a new school building for Rhyl High School to serve up to 1,200 pupils in mainstream education whilst also housing approximately 45 pupils from Ysgol Tir Morfa, the community special school in Rhyl.</p> <p>There are still snagging works to be done to the school building and the associated hard external spaces that were handed over on 14th March 2016, and to the car parks, multi-use games area and associated landscaped areas which have since been handed back. Some of the snagging was carried out over the summer period but there are still works to be undertaken.</p> <p>The PE block was handed over on 15th July 2016 which enabled the PE staff to move in before the summer holidays. The ICT within the PE block will be functional in the next two weeks.</p> <p>The works to the drama room and over cladding of the external walls of the Leisure Centre are progressing well as are the grass pitch and grassed areas on the site of the old school.</p> <p>The anticipated completion date of the project is now 19th October 2016, due to the asbestos and the additional structural works to the drama room.</p> <p>An official opening event is being arranged for 21st October 2016.</p>	
Forecast In Year Expenditure 16/17	£2.889m

21st Century Schools Programme – Ysgol Glan Clwyd

Total Budget	£15.951m
Expenditure to date	£ 5.642m
Estimated remaining spend in 16/17	£ 5.125m
Future Years estimated spend	£ 5.184m
Funding	DCC £8.461m; WG £7.490m
<p>Narrative:</p> <p>This scheme is one of five projects within the Band A proposals for 21st Century Schools Programme. The project will deliver an extended and refurbished Ysgol Glan Clwyd to accommodate a long term capacity of up to 1,250 pupils via a new three storey extension, partial demolition of existing buildings and refurbishment of the retained buildings.</p> <p>The project will also see extensive landscaping, with creation of new outdoor hard & soft landscaped areas including a new sports field, extended and rationalised car park and coach parking area.</p> <p>In association with Phase 1 - construction of a new three storey extension, the windows are now installed and M&E installation is progressing well. In addition, the sample room is nearing completion and external work on the amphitheatre area is continuing. Works over the summer break to the existing Gym and Changing facilities are now complete. Work on refitting and recladding the existing Plant room are continuing. The new rear sports pitch is now formed and will be seeded shortly.</p> <p>The new build three storey extension is due for completion in December 2016 with Phase 2 – the demolition and refurbishment of the retained buildings, being delivered in a number of stages from January 2017. Final completion is anticipated by the end of September 2017.</p> <p>There is ongoing consultation with all key stakeholders including all users of the site. In addition, regular updates via newsletters are distributed locally.</p> <p>The project team are working with the school and wider community to engage with them to develop and deliver a number of community benefits. Most recently this includes a visit by a group of pupils to the Kingspan factory unit to see the design and fabrication process of insulation building materials to be used. In addition, the Contractor has also assisted the City Council with supply and installation of hanging baskets to St Asaph High Street.</p>	
Forecast In Year Expenditure 16/17	£8.269m

21st Century Schools Programme – Ruthin Primary Schools

Total Budget	£1.585m (Feasibility/Design only)
Expenditure to date	£0.598m
Estimated remaining spend in 16/17	£0.987m
Future Years estimated spend	£0.000m (Feasibility/Design only)
Funding	DCC £1.585m

Denbighshire received permission to extend the scope of the 21st Century Schools Programme to include the three Ruthin primary school projects in September 2015. In January 2016, the Strategic Outline Case for the three projects was approved by the Welsh Government. On-going work has enabled firm project costs, including contingency funding, to be established for the new Rhos Street / Penbarras schools and Carreg Emlyn. Subject to the necessary approvals, this will enable both schemes to proceed and to be operational from September 2017.

Rhos Street School and Ysgol Penbarras

This is a £10.5m project which will deliver a new shared school building site for Rhos Street School and Ysgol Penbarras at Glasdir, Ruthin.

Following the completion of the detailed design an application for planning was submitted. Planning approval was subsequently given on 14th September 2016.

Work will now be undertaken in partnership with Wynne Construction to firm up a construction programme. A detailed cost plan is anticipated by mid-October.

Following the approval of the combined Full and Outline Business Case by the Welsh Government Cabinet Secretary for Education, the funding agreement letter is expected by the end of September 2016.

Ysgol Carreg Emlyn

This project will deliver a new school building comprising 4 classrooms, a new school hall and supporting facilities. This will allow pupils to move from the two existing sites onto a single site. Both existing sites will then become surplus to requirements.

Planning approval remains outstanding. Currently a drainage solution is being developed as part of the response to objections and concerns raised during the consultation period. This requires input from Welsh Water.

The initial target completion date for the new building of September 2017 will now not be met and will be revised when the drainage solution is known.

Llanfair and Pentrecelyn

The negative Judicial Review verdict for the Council has meant that the decision to amalgamate the two schools into an area school has been quashed. The way forward has yet to be agreed by elected members.

Forecast In Year Expenditure 16/17	£1.195m
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West Rhyl Coastal Development Phase 3	
Total Budget	£5.732m
Expenditure to date	£5.589m
Estimated remaining spend in 16/17	£0.143m
Future Years estimated spend	£0.000m
Funding	DCC £0.627m;WG/WEFO £4.648m; WG £0.198m; Town Plans/Town Council £0.217m; Other £0.035
Narrative:	
<p>This coastal defence scheme is the final phase of works designed to protect 2,700 properties from coastal flooding.</p> <p>The coastal defence works are now operationally complete and the final account has been agreed with the main contractor. The end of maintenance period is at the end of September 2016 and a snagging list will be issued.</p> <p>Anti-skid surfacing is complete.</p> <p>Seeding/landscaping snagging works are complete.</p> <p>Installation of benches along the upper promenade is complete.</p> <p>3 coastal protection shelters are currently being produced and lighting design finalised. The shelters will be installed within the scheme on the upper promenade with a revised date of 12th September to minimise disruption during the school holiday period.</p> <p>The Seaquarium soakaway works within the 'extraction area' at East Rhyl are now complete with an inspection carried out by Natural Resources Wales to confirm the works are to an acceptable standard and have resolved this issue.</p> <p>The project has been shortlisted for a British Construction Industry Award in the Civil Engineering Project of the Year (Up to £10m) category with Judges attending site on 11th July and the winners announced in October.</p>	
Forecast In Year Expenditure 16/17	£0.201m

Rhyl Waterfront Development	
Total Budget	£3.500m
Expenditure to date	£0.122m
Estimated remaining spend in 16/17	£3.378m
Future Years estimated spend	£TBC
Funding	WG £3.500m
Narrative:	
<p>The Master Development Agreement between the Council and development partner – Neptune Developments Ltd has formally been signed and the Phase Agreement for the Hospitality Zone is due to be approved by Cabinet on 27th September 2016.</p> <p>In addition, the Strategic Investment Group have reviewed the funding requirement for the works outlined below, and their recommendation is within the Finance Report on this agenda.</p> <p>£3.5m funding has been secured from the Welsh Government to accelerate aspects of the project, on the proviso that this is spent during 2016-17. This will be utilised on part or all of the following:</p> <ul style="list-style-type: none"> • Demolition of Unit D on the Children’s Village • Demolition of the Sun Centre and internal improvements to the Pavilion Theatre • External re-cladding of the Pavilion Theatre • Refurbishment of the east parade car park • Improvement to the Children’s Village car park • Sky Tower enhancement • Aquatic Centre design fees and planning • Sun Centre Hoardings <p>The demolition of Unit D on the Children’s Village is complete and work will soon be starting on the demolition of the Sun Centre. All of the above is due to be carried out in 2016-17.</p>	
Forecast In Year Expenditure 16/17	£3.500m



**DENBIGHSHIRE
COUNTY
COUNCIL
(DRAFT)**

**MEDIUM TERM
FINANCIAL
PLAN
2016/2018**

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1 BACKGROUND

Introduction

It is important that the Council considers its finances for more than one year ahead. This allows it to plan properly for cost pressures, savings, inflation, investment in corporate priorities and service changes. Denbighshire County Council does this through its Medium Term Financial Plan (MTFP). The Plan takes a look at the coming three years and considers what might happen to the Council during that time and what it might mean for its finances.

It links to plans put forward by services and corporate plans and priorities during the budget planning process.

There is an annual requirement to prepare a budget and to set the level of Council Tax. The MTFP will be updated each year as part of this process. Elected members will be kept informed of the developments of the MTFP through formal meetings, briefings and budget workshops.

The MTFP:

- Identifies what cost increases there might be in services - such as staff costs, supplies, external fees and service demand
- Sets out estimated future levels of Government funding
- Identifies the potential levels of savings needed to be delivered
- Identifies the cost of investing in priorities and how these might be funded
- Identifies any risks to the achievement of the plan.
- Identifies likely levels of Council Tax
- Set out the council's policy on financial reserves and balances

Although it is difficult to forecast these things precisely, the MTFP allows a broad view of the Council's financial future to be set out. In some cases, a range of values is presented with the 'central case' being the most likely or reasonable assumption to use for forecasting and planning. The MTFP is not intended to be a detailed explanation of all the Council services or their budgets, but to provide an overview and context for decision making.

The Wellbeing of Future Generations Act enshrines in legislation sound principles that mean the impact of decisions should be considered over a wide range of stakeholders and over a longer period. This means that whilst the council has legal obligations to set a balanced budget, the actions it takes to do this must be properly considered. The council's budget processes in recent years have embraced these principles by undertaking thorough impact assessments of all budget decisions (including the impact on cost/saving, equality, geography, language and demography). A significant engagement process was undertaken in the last budget round and this concept will continue to be developed. In addition, the council has established a committee of members to monitor the impact of budget decisions post implementation, primarily to evaluate whether the actual impact has deviated from the estimated impact. All budget decisions will continue to be assessed rigorously to ensure the impact is understood and that prudent and sustainable budgets continue to be set.

The Medium Term Financial Plan contains numerous planning assumptions and other considerations that are explained in more detail throughout this document. A summary of the potential impact (the central case) on the council is illustrated in the table below

Table 1 Medium Term Financial Plan – Central Case Assumptions

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000
Funding				
Revenue Support Grant & NNDR (RSG)	139,608	137,514	135,451	133,419
Council Tax	44,954	46,194	47,464	48,769
SSA / Budget Requirement	184,562	183,708	182,915	182,189
Use of Balances	500	2,500	1,000	
Total Funding	185,062	186,208	183,915	182,189
Expenditure				
Base Budget	184,756	185,062	187,272	190,438
Inflation:				
Pay	519	519	519	519
Pensions	927	350	350	350
National Insurance	900	-	-	-
Living Wage	50	500	500	500
Price - targeted	58	100	100	100
Price - NSI Energy	125	150	150	150
CTRS / Contingency	320	350	350	350
Social Services		500	500	500
Schools Protection	1,173	1,246	948	1,075
Schools Demography Adjustment	(320)	656	600	600
16/17 Contingency	486	(486)		
Other known items:				
Investment in Priorities	250	200		
Transfers into/out of Settlement	1,036			
EFFICIENCIES:				
Freedoms & Flexibilities Process	(5,218)			
17/18 Budget Process:				
1% Service Efficiency Target		(850)	(850)	(850)
Capital and Corporate Savings		(1,033)		
Total Expenditure	185,062	187,272	190,438	193,732
Funding Shortfall / (Available)	(0)	1,064	6,523	11,543
Annual increase/(decrease) in shortfall	(0)	1,064	5,459	5,020
Key Assumptions				
Settlement %	-1.20%	-1.50%	-1.50%	-1.50%
Council Tax Increase % Band D	1.50%	2.75%	2.75%	2.75%
Schools Protection	1.85%	1.93%	1.44%	1.61%

2 ECONOMIC BACKDROP & REVIEW

The majority of the Council's net revenue funding is from the Welsh Government (WG) in the form of Revenue Support Grant (RSG) and a share of the National Non Domestic Rates Pool (NNDR). Together they constitute the Council's Aggregate External Finance (AEF) sometimes called 'the settlement' and as this provides over 70% of the Council's funding, it is the major determinant of the annual revenue budget.

The Summer Budget of 2015 continued a theme first introduced in the UK Government's Comprehensive Spending Review (CSR) of 2010 which is to cut public spending as a means of reducing the deficit between total government income and expenditure. This policy has remained in subsequent Annual Spending Reviews and was a theme in the latest review published in November 2015. Further details of the November spending review are set out on page 6.

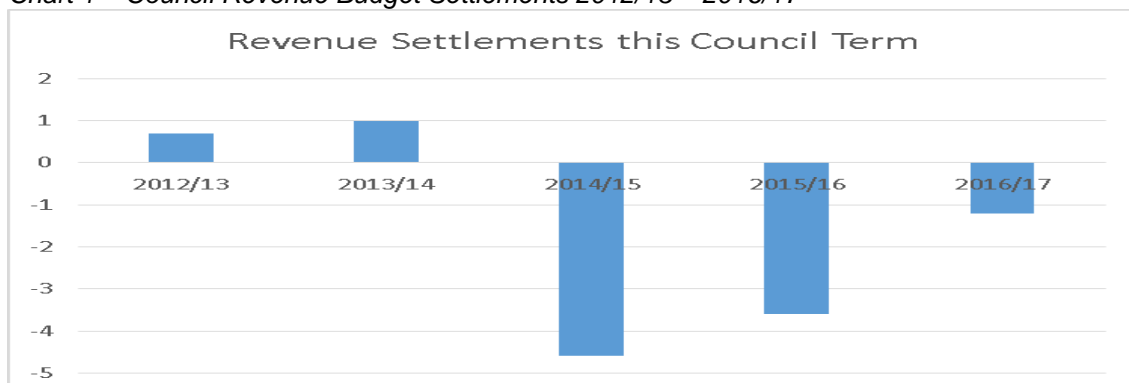
Government borrowing remains at historically high levels and the Chancellor has committed to bringing the government's budget into surplus by 2019-20. The majority of the actions planned to reduce the deficit are concentrated on expenditure reduction, rather than increased taxation – though measures closing tax loopholes and estimates of economic growth (and therefore increased tax yields) are included in the government's planning assumptions. This strategy has significant implications for the medium term finances of public services as it means that further cuts to funding will take place over the next four years.

The impact of economic austerity has, so far, impacted less on local authorities in Wales than it has in England. Welsh Local Government has not yet seen cuts of the same level, with the period from 11/12 to 13/14 seeing a basically static cash settlement to Welsh councils. The position was worse in 2014/15 with a reduction of 3.4% compared to the previous year. The impact in Denbighshire was even worse as adjustments to census data were included, giving a 5.2% cash reduction before a floor mechanism was applied. The final cash settlement was a cash reduction of 4.6% which was the highest reduction applied in Wales.

The Local Government Settlement for 2015/16 provided a further cash reduction to the council's budget of 3.6% which equated to £5.3m which was followed by a reduction of 1.2% for 2016/17.

A table showing the level of reductions in funding in percentage terms over the last five years is set out in the following chart:

Chart 1 – Council Revenue Budget Settlements 2012/13 – 2016/17



The process to identify the savings over the last two financial years was called Freedoms & Flexibilities. It involved a review of every service and activity and an analysis of the council's revenue budget. The process incorporated a series of sixteen budget workshops with elected members where the council's entire revenue budget was presented on a line-by-line basis, along with saving proposals from each service.

The process successfully delivered two budgets with savings summarised as follows:

Table 2 Analysis of Savings 2015/16 and 2016/17

Category of Saving Delivered by Freedoms & Flexibilities	2015/16 £'000	2016/17 £'000	Total %
Alternative commissioning / procurement / service delivery	520	1,253	14%
Change to service level received by public	867	331	9%
Efficiency & Modernisation	2,820	2,151	38%
Increase in Fees & Charges or additional external revenue	665	128	6%
Service Reduction/withdrawal	140	240	3%
Technical Budget Adjustments - matching budget to spend	2,747	1,115	30%
Total	7,759	5,218	

The vast majority (82%) of the savings made so far have been efficiency or other measures which have not negatively impacted services to the public.

At the same time as dealing with a funding cut, the council set priorities to protect and invest in important service areas such as schools, social care and the roads and has continued to achieve this throughout the budget process. Since 2012, the council has made savings of almost £30m on revenue expenditure whilst also and delivering significant investment in important capital schemes:

Table 3 Capital Investment 2012-2020

Summary Capital Investment 2012-2020	£m
Schools	96.8
Roads	18.4
Social Care	21.5
Floods & Coastal Defence	16.1
Economic Development/ Regeneration	26.8
Leisure & Libraries	6.7
Other	9.3
Total	195.6

The current economic and political uncertainty makes service delivery and financial planning very difficult. Following the Welsh Government elections in May 2016, proposals to reorganise Welsh councils have been reviewed with as yet no clear plan for the future. In addition, the impact of the referendum vote to leave the European Union has added significant uncertainty both politically and financially with initial indications suggesting the result may be a weakening of the UK economy.

The latest economic data informing the MTFP is derived from the Autumn Spending Review 2016.

Autumn Spending Review 2015

The Chancellor's Autumn Spending Review in November 2015 set out the UK Government's spending plans and assumptions for the next four years. Some of the relevant headlines were:

Economic Growth

- Growth is expected to be 2.5%, 2.4% and 2.3% in 2017, 2018 and 2019 respectively.

Government Borrowing

- Debt will fall in every year from now on
- Surplus will be achieved in 2019-20
- Housing Associations' debt is now on the public balance sheet
- Debt to GDP ratios to go down from 82.5% this year to 71.3% by 2020-21
- Tax receipts are stronger and debt interest is lower than at the Budget forecast (July 2015) according to OBR
- Deficit is to be 3.9% of national income this year, then 2.5% in 2016-17 and 1.2% and 0.2% in subsequent years, before moving to surplus of 0.5% in 2019-20 and 0.6% the following year
- Borrowing is a lot lower and by 2019-20 there's a surplus of £10.1bn, and £14.7bn the year after

Public Spending

- Revenue spending will fall by an average of 0.8% in real terms over next SR period (compared to 2% in previous period)
- Health will need to find £22bn of efficiency savings and there will be a move to loans for new nursing students from maintenance grants.
- NHS budget will rise by half a trillion pounds by 2020-21
- £600m extra funding in this area for mental health
- Schools and Foreign Aid protected.

Impact on the Welsh Government Budget

The impact of the Spending Review on the Welsh Government 'Block Grant' is shown to increase over the period in cash terms as follows:

Table 4 Welsh Government Budget

Welsh Government Departmental Expenditure Limit 2015 Autumn Spending Review					
	£bn	£bn	£bn	£bn	£bn
	2015	2016	2017	2018	2019
Revenue	12.9	13.0	13.1	13.2	13.3
Capital	1.5	1.5	1.5	1.6	1.7

The subsequent budget set by the Welsh Government for 2016/17 showed growth in cash terms from £15.6bn to £15.9bn, an increase of £351m, or 2.3% in total. Nearly two-thirds of the increase £230m (15.8% uplift) applied to capital budgets and £121m (0.85%) to revenue. The budget provided an additional £278m to the NHS, including a

£30m increase to the Intermediate Care Fund, which should have benefits for local government.

The resulting Local Government Settlement announced on 9th December was much better than expected with an overall cash reduction to local government of -1.3% and a reduction to Denbighshire of -1.2%. The range of reductions across Welsh councils varied from -0.1% (Cardiff) to -3.0% (Powys) with the impact generally worse for rural counties. The levels of Aggregate External Finance (the level of funding provided via Welsh Government) when calculated on a per capita basis show that the level of funding per head in Denbighshire is ranked 6th highest in Wales and is £145 per head above the Welsh average.

The total reduction to the Local Government Settlement was £54.2m. In addition, specific revenue grant funding reduced by £38m, reducing the total resources available to local government in Wales by £92m.

The details of the final revenue settlement for the council are shown below. It shows the settlement reduction of -1.2% is ranked 10th in Wales and 11th on a per head basis:

Table 5 Settlement Details

Dataset	2015-16 Final (£000)	2016-17 Final (£000)	Difference (£000)	%Difference	Rank
AEF plus Top-up Funding					
Overall Aggregate External Finance plus top-up funding	140,257	139,608	-649	-0.5%	10
AEF plus top-up funding per capita (£)	1,468	1,455	-13	-0.9%	11
AEF plus top-up funding adjusted for transfers	141,294	139,608	-1,686	-1.2%	10

The council's settlement reflects a reduction in the quantum (the overall allocation of funding to councils) distributed by movements in formula indicators like population projections, pupil numbers, free school meal take-up and claimant counts. The details are shown below:

Table 6 Key Dataset Changes

Dataset	2015-16 Final	2016-17 Final	%Difference	Rank
Population - Projections	95,550	95,980	0.5%	7
Pupil Numbers - Nursery and Primary	7,961	8,142	2.3%	2
Pupil Numbers - Secondary in year groups 7-11	5,915	5,743	-2.9%	19
Free School Meals - Primary	1,513	1,559	3.0%	6
Free School Meals - Secondary	1,020	955	-6.4%	16
Children in out of work families	4,600	4,400	-4.3%	10
Total IS/ JSA/ PC claimants - Under 65	5,295	4,445	-16.1%	9
Total IS/ JSA/ PC claimants - 65+	5,027	4,910	-2.3%	1
Total IS/ JSA/ PC claimants	10,339	9,370	-9.4%	5
SDA & DLA claimants	4,959	4,737	-4.5%	3

There have been no reliable planning totals issued in advance by the Welsh Government since 2013, leading to uncertainty from year to year. Given that the majority of the council's funding comes from government, this lack of reliable multi-year settlements makes reliable budget planning difficult. The council's processes have dealt with this problem but it is not a sustainable position. The 2016/17 budget settlement was a one-year settlement with no indications what future years' funding would look like. It is hoped that more reliable information will be available in future.

3 MEDIUM TERM PLANNING – FORWARD ASSUMPTIONS

Funding

The Council is reliant on Welsh Government grants for around 78% of its net revenue income. This means it is crucial that the Council understands what grants it might receive in future years.

Given that over three quarters of the council's funding is received via the Welsh Government, changes to the annual settlement have a significant impact. For every percentage reduction, the cash impact is a reduction of £1.396m based on the 2015/16 budget. The impact of a range of settlement values is illustrated below with the base case shown as a cash reduction of -1.5%:

Table 7 Sensitivity Analysis – Revenue Settlement

Reduction %	Cash Reduction £'000	Change from MTFP Assumption £'000
0.0%	0	2,094
-0.5%	-698	1,396
-1.0%	-1,396	698
-1.5%	-2,094	0
-2.0%	-2,792	-698
-2.5%	-3,490	-1,396
-3.0%	-4,188	-2,094

The likely reductions in cash funding settlements are only part of the equation. As noted earlier, Welsh councils are also reliant upon significant levels of specific grants which have been cut in recent years. As well as cuts to funding, the council also has to absorb inflationary pressures and increased demand for services in some sectors, particularly social care and increasingly in schools.

Council Tax

Council Tax provides around 25% of the council's net revenue budget funding. Council Tax levels in Denbighshire are among the higher quartile in Wales but the financial strategy over recent years has been to minimise increases as much as possible. A balance needs to be struck between the ability to raise enough money to fund important services to the right level and the impact increasing taxation will have on residents of the County. Throughout the plan, it has been assumed that Council Tax will rise at 2.75% each year, although this is obviously a decision that elected members make each year having considered the financial and service plans in detail and its impact on residents. The tax rise was lower than this in 2016/17 as a consequence of robust budget planning and the revenue budget settlement being better than expected.

The success of the strategy to address the relatively high reliance on Council Tax funding is measured in the graphs below. The first shows the gap between the average Band D valuation in Wales (the most common comparator of Council Tax levels) continually narrowing, which is as a result of the average rise annually being continually less than the average in Wales since 2013, as demonstrated in the second graph.

Chart 2 Band D Council Tax Levels

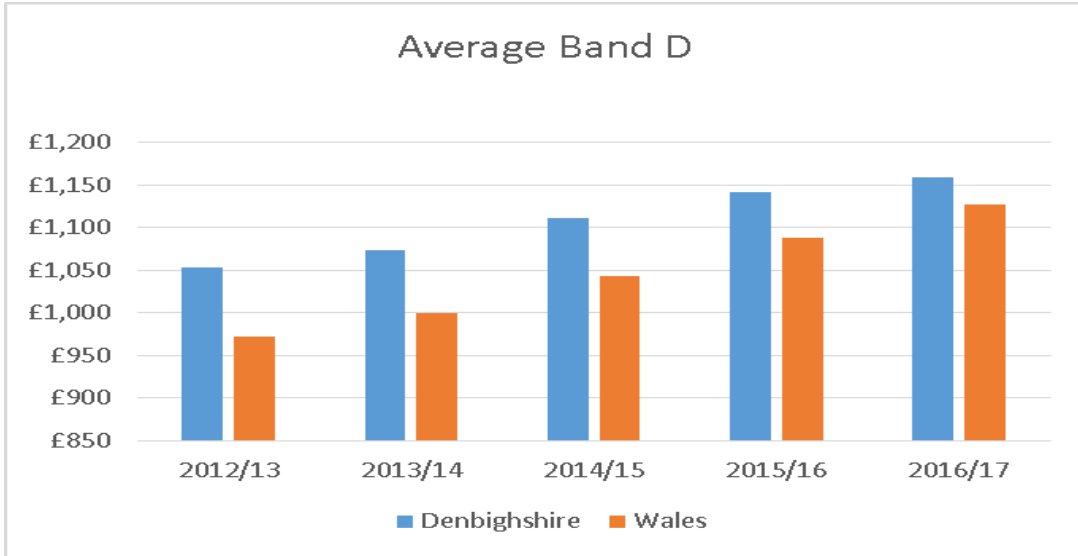
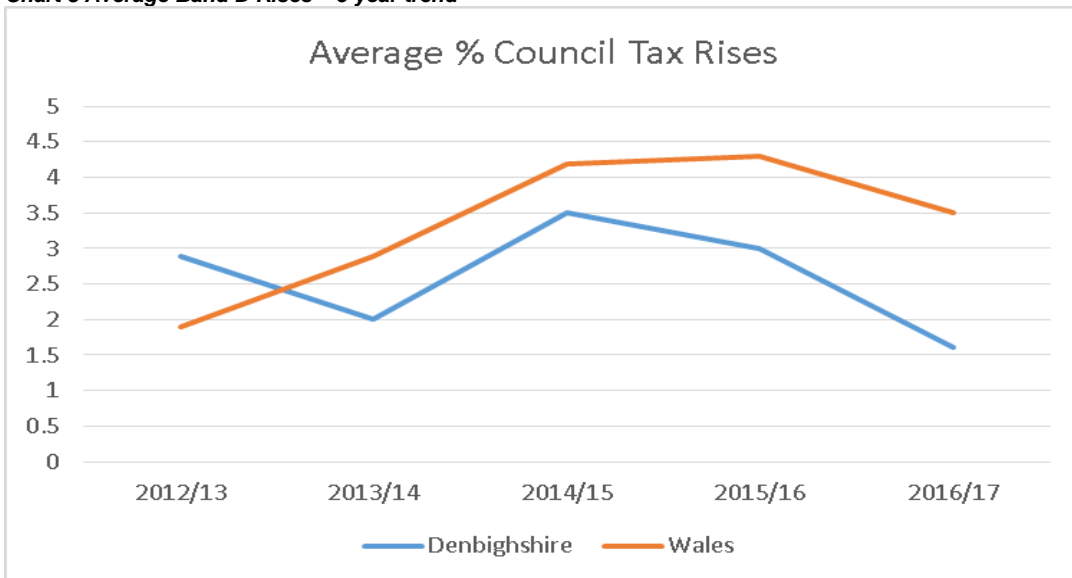


Chart 3 Average Band D Rises – 5 year trend



Summary of Key Financial Planning Assumptions

By definition a medium term plan has to include assumptions about future events. The key annual assumptions contained in this Plan are as follows:

Table 8 Base Case Planning Assumptions

Issue	Assumption	Range and Base Case Impact
Government Funding	To continue to reduce as WG continue to protect NHS and other areas at the expense of local government. Range based on Autumn Statement and possible levels protection to non-local government budgets in Wales.	Range from +0.2% to -2% (17/18). Planning assumption -1.5% in the absence of anything more reliable.
Local Funding	Council tax rise in the range of 2-3%.	Planning assumption 2.75%.
School Protection	If the ministerial pledge continues in its current form, the level of increase to schools budgets will be +1.93% (worth £1.2m) in 17/18. In addition, pupil demography goes up in 17/18 (after three years of reduction) with a potential cost of £656k. Since the introduction of school protection, schools have funded all pay and related cost increases.	Planning assumption is to fund schools to this level. Assume schools continue to fund pressures from within financial protection.
Pay and Pensions	Continue to assume funded centrally but would be trimmed back if the budget gap is not likely to be met from savings proposals – this would force services to make spending reductions to balance.	Pay award assumptions are an average of +1% plus additional costs for the national living wage. Costs for pension increases are built in but negotiations with actuaries before the EU referendum result were testing the possibility of minimising increases over the next three years. Actuarial assumptions may need to be revised as a result of recent financial market uncertainty.
Other corporate pressures	Includes Fire Levy, members costs, insurance premiums, CTRS, energy costs, etc.	Amounts to approximately £600k
Investment in priorities and new burdens	Assume some level of investment in priority areas or additional burdens, such as preparation for LGR and transition process	£200k per year estimate included.
Social care protection	Not included as this has never been defined. However some recognition of growing pressures to be included though it is assumed the service will fund some of this through reinvesting efficiency savings.	£500k net additional cost estimated for the next two years.

Other Assumptions

In addition to general inflationary pressures included above, there are pressures that relate to specific services which are considered during the budget process, such as:

- an ageing population
- increased costs of care provision
- pupil numbers are decreasing in some areas of the County while increasing in other areas
- the increased costs of waste disposal

4. BUDGET PROCESS 2017/18

Principles of the 2017/18 Budget Process

Given the lack of robust indications about future years' settlements alongside 2017/18 being the last administrative year of the current council, a one-year budget process has been developed as follows:

- **2017/18 Budget** – The process will concentrate on delivering a balanced budget for 2017/18 and Members will not be asked to approve savings for future years, although some savings will have an ongoing impact.
- **Collation of data** – Finance have developed a suit of forms that services will be expected to complete to inform the budget process and facilitate decision-making. In particular the forms will allow for the identification of efficiency savings, options to reduce service levels and budgets, specific service pressures, use of service reserves and the fees and charges policies within the service.
- **Efficiency Target** – It is likely that services will be given a modest efficiency saving target (e.g. 1%) which all services will be expected to deliver through genuine efficiency savings (i.e. not relating to a reduction in service level or increase in charges).
- **Saving Target** – The efficiency target is unlikely to be sufficient to balance the budget so an additional savings target for the Council will also be calculated and budget proposals will be developed to meet the target. . The target is likely to exceed the projected budget gap to allow Member choices to be made in balancing the budget. It is recognised that a number of these suggestions may involve transformational projects which may well involve reduction in service levels or service delivery methods. Some of the proposals will be those that were brought forward under Freedoms & Flexibilities but were not required to balance the 2016/17 budget.
- **Budget Proposals** - For each proposal made there will be an assessment of the possible impact (equalities, jobs, service quality, locality, language etc. There will also need to be assessment of impact in respect of the Wellbeing of Future Generations Act.
- **Budget Timetable** – The timetable (Appendix 1) summarise the following four stages of the budget process:

- 1) Define and develop the process
- 2) Identify initial proposals
- 3) Consult on and finalise proposals
- 4) Final approval stages

5 THE CORPORATE PLAN

The Council's Corporate Plan was agreed in 2012 and contains an ambitious list of investments to support its seven priorities:

- Developing the local economy
- Improving performance in education and the quality of our school buildings
- Improving our roads
- Vulnerable people are protected and are able to live as independently as possible
- Providing a clean environment
- Ensuring access to good quality housing
- Modernising the Council to deliver efficiencies and improve services for our customers

The Corporate Plan not only set out ambitions but identified a clear funding plan to ensure the priorities are actually delivered. The capital elements of the Plan are progressing well with investment of £41m to the end of 2015/16, with a further £30m planned in 2016/17. The funding plan amounts to £132m over a 5-7 year period.

A summary of the financing of the Corporate Plan is included in Appendix 2.

6 BALANCES & RESERVES

The Council sets aside money to allow it to meet known or unforeseen issues. This money is put into reserves when the Council wants to fund a specific project at some point in the future, for example a new IT system. It keeps general balances for use in emergency situations when no other funding is available. In the past the Council's general balances were far too low and it worked hard to rebuild them

Cash resources can play an important part in a period of financial difficulty. In such periods, it may be tempting to use balances and reserves to meet normal expenditure requirements rather than make difficult budget decisions. But this can only be a short term measure and should not be viewed as a permanent solution. However, if cash is used in a planned and sensible way, it can mitigate the impact of funding cuts and help to protect service delivery. It is important that balances and reserves are maintained at a sufficient level for the Council to ensure it is in a safe financial position but also to ensure they are properly considered as part of the budget setting process. It is therefore about getting the balance right between supporting service delivery and prudent financial management.

The budget set in 2015/16 assumed a funding requirement from balances of £0.5m, with the same amount assumed for the subsequent two years. So far, it has not been necessary to draw down the additional funds, therefore, it is prudent to assume balances can be used as part of the 17/18 budget setting process, without taking them below planned levels. The position will be reviewed again as part of the 2018/19 budget process.

Earmarked (cashable) reserves are set aside to mitigate the risk of a future liability or established as part of a planned funding strategy. For example, the council's reserves include significant funds set aside as part of the funding for the Corporate Plan. Reserves are assessed annually and fully reviewed regularly. In 2013/14, some £6m was reallocated to fund the Corporate Plan and a similar review will be completed during 2016/17. Budget plans for 2017/18 assume the use of specific reserves set up as part of the budget process for 2016/17.

7 INVESTMENTS & BORROWING

The Council has a clear Treasury Management Strategy that sets out how it will invest and borrow what risks are involved. This is presented to full Council each February with regular updates reported during the year. It is assumed that over the next 3 years interest rates will remain broadly static with perhaps a gradual rise by the end of 2018. When investing, the council's policy is to take a prudent and balanced view of security over yield. Borrowing and the cost of borrowing is kept under close review and annually a set of prudential indicators are produced that set out the medium-long term financial impact of capital investment and borrowing decisions to ensure they remain prudent, affordable and sustainable.

8 GRANTS

Other than its main revenue grant, the Council also relies on numerous other grants for service delivery. Over £900m of funding comes to Welsh councils via government grant and in Denbighshire this equates to £32m. Grants are being cut annually without on an ad-hoc basis – some are even cut during the year and so this is a risk area for the council. . The council's policy is to pass grant reductions directly onto the service provision affected – including any match-funding elements.

9 FEES & CHARGES

These are reviewed as part of the budget process and will continue to be going forward. Where the council has discretion over a charge or fee, the decision to alter the levels rests with the Head of Service. The 2017/18 budget process will collate all fees and charges data to ensure there is a coherent and consistent approach between services,

10 HOUSING REVENUE ACCOUNT

By law, the finances for the Council's housing stock are kept separate from the rest of the Council. Any expenditure must be financed from rents or grant from the Welsh Government. Rent policy is determined by Welsh Government which includes control over rent increases. The Council currently has a 30 year housing stock business plan that is reviewed each year and subject to scrutiny by the Wales Audit Office and the Welsh Government.

In April 2015, there was a national agreement to abolish the subsidy system which underpinned local authority housing finance in Wales. In place of the subsidy, a system of self-financing has been introduced that means councils retain all of the rent they collect and can invest the additional resources into the existing or new housing stock.

The HRA Housing Stock Business Plan now includes provision to increase the housing stock by investing £15m over the next four years and the 30 year plan remains in surplus throughout.

10 CAPITAL

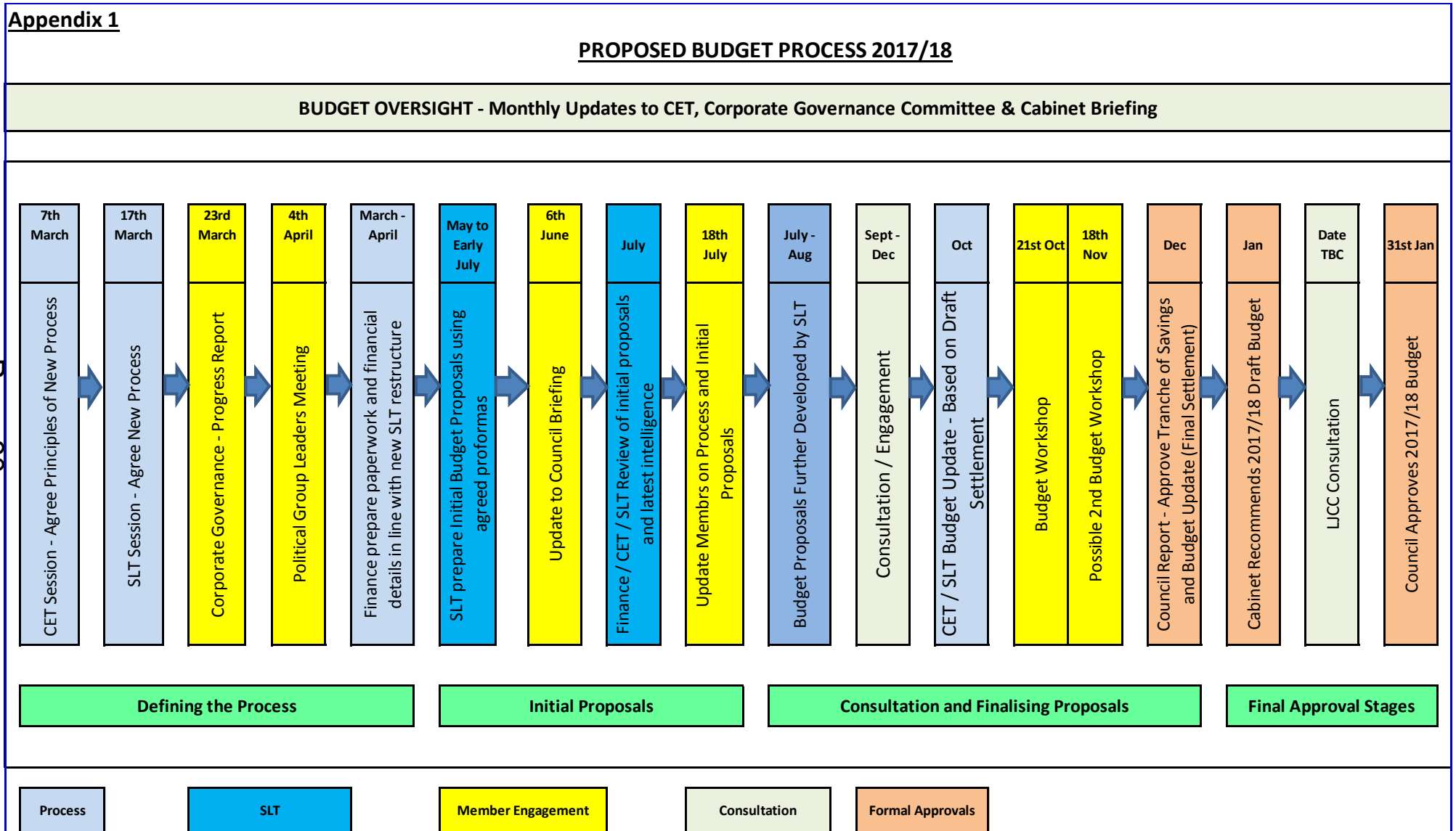
The money that the Council spends on looking after its buildings, roads, equipment, vehicles and other assets, is called capital expenditure. By law it must keep its day to day expenditure (revenue) and its capital expenditure separate. The council pays for expenditure on its assets in three main ways – grants, borrowing and selling off unwanted property and equipment (capital receipts). Each of these ways of raising money has been badly hit recently.

Each year the Welsh Government gives the Council money to spend on capital projects that are decided by the Council. This is called general capital funding. As part of its annual settlement the Welsh Government has cut this grant by over 20% in the last four years. Therefore, more reliance has been placed on using the council's own resources to fund borrowing for capital investment.

The Council produces a rolling Capital Plan that details where it is likely to spend its funds. Every bid for capital resources is reviewed and prioritised by the Strategic Investment Group (a group made up of elected members and senior officers) before being considered for inclusion in the Capital Plan.

Each year the Council sets Prudential Indicators that determine prudent limits on its borrowing. These are set out in the Council's Treasury Management Strategy to ensure that borrowing remains affordable.

Appendix 2 shows the Capital Plan, including the Corporate Plan in more detail.



Denbighshire County Council - Capital Plan 2015/16 - 2018/19**General Capital Plan****Capital Expenditure**

	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s
Total Estimated Payments - General	20,470	17,445	171	171
Total Estimated Payments - Corporate Plan	24,084	16,184	5,327	250
Contingency	0	683	500	500
Total	44,554	34,312	5,998	921

Capital Financing**External Funding****Receipts and Reserves****Prudential Borrowing****Unallocated Funding**

External Funding	17,944	12,354	7,303	5,055
Receipts and Reserves	15,162	9,618	977	
Prudential Borrowing	11,448	12,340	2,086	234
Unallocated Funding	(0)	0	(4,368)	(4,368)
Total Capital Financing	44,554	34,312	5,998	921

Corporate Plan

Revised February 2016

Approved Capital Expenditure

included in above plan

	£000s	£000s	£000s	£000s
Cefndy Healthcare Investment	37	103		
Extra Care	793	6		
Highways Maintenance and bridges	2,689	2,742		
Feasibility Study - New Ruthin School	133	485		
Feasibility Study - Carreg Emlyn	105	273		
Llanfair/Pentrecelyn Area School	47	436		
Rhyl High School	16,085	2,889	332	
Ysgol Bro Dyfrdwy - Dee Valley West Review	15	33		

	Bodnant Community School	2,071	935	61	
	Ysgol Glan Clwyd	2,090	8,269	4,934	250
	Faith Based Secondary	19	13		
Estimated Capital Expenditure		0	14,748	24,745	23,165
	Total Estimated Payments	24,084	30,932	30,072	23,415
Approved Capital Funding included in above plan	External Funding	7,072	33	2,435	187
	Receipts and Reserves	10,357	6,107	977	
	Prudential Borrowing	6,655	10,044	1,915	63
Estimated Capital Funding	External Funding	0	7,290	9,682	17,166
	Receipts and Reserves	0	1,361	2,966	600
	Prudential Borrowing	0	6,097	12,097	5,399
	Total Estimated Funding	24,084	30,932	30,072	23,415

Cabinet Forward Work Plan

Meeting	Item (description / title)		Purpose of report	Cabinet Decision required (yes/no)	Author – Lead member and contact officer
25 Oct	1	Finance Report	To update Cabinet on the current financial position of the Council	Tbc	Councillor Julian Thompson-Hill / Richard Weigh
	2	Corporate Plan Performance Report 2016/17 Q1	To consider progress against the Corporate Plan	Tbc	Cllr Julian Thompson-Hill / Alan Smith
	3	Update on options appraisals for In-house Care Services	To consider and, if appropriate, make a decision on the potential options for future provision of the services identified in the report	Tbc	Cllr Bobby Feeley / Phil Gilroy
	4	Draft LDP Annual Monitoring Report 2016 & commencement of LDP Review	To note the LDP Annual Monitoring Report 2016 and approve potential next steps to address issues highlighted including commencement of the LDP Review process	Yes	Cllr David Smith / Angela Loftus
	5	Faith Based Secondary Provision	To seek approval to commence the formal stage of public consultation on proposals to close Blessed Edward Jones Catholic High	Yes	Councillor Eryl Williams / Karen Evans

Cabinet Forward Work Plan

Meeting	Item (description / title)		Purpose of report	Cabinet Decision required (yes/no)	Author – Lead member and contact officer
			School and to open a new Faith school		
	6	Award of the Leisure Development Partner Framework	To approve renewal of the framework	Yes	Councillor Julian Thompson-Hill / Jamie Groves
	7	Proposed appropriation of Restrictive Covenants on Rhyl Promenade in association with the Waterfront Development	To appropriate restrictive covenants on East Parade Car Park Promenade, Rhyl in association with the delivery of the phase agreements.	Yes	Councillor Hugh Evans / David Mathews
	8	Items from Scrutiny Committees	To consider any issues raised by Scrutiny for Cabinet's attention	Tbc	Scrutiny Coordinator
15 Nov	1	Finance Report	To update Cabinet on the current financial position of the Council	Tbc	Councillor Julian Thompson-Hill / Richard Weigh
	2	Update on options appraisals for In-house Care Services	To consider and, if appropriate, make a decision on the potential options for future provision of the services identified in the report	Tbc	Cllr Bobby Feeley / Phil Gilroy
	3	Items from Scrutiny Committees	To consider any issues raised by Scrutiny for	Tbc	Scrutiny Coordinator

Cabinet Forward Work Plan

Meeting		Item (description / title)	Purpose of report	Cabinet Decision required (yes/no)	Author – Lead member and contact officer
			Cabinet's attention		
13 Dec	1	Finance Report	To update Cabinet on the current financial position of the Council	Tbc	Councillor Julian Thompson-Hill / Richard Weigh
	2	Corporate Plan Performance Report 2016/17 Q2	To consider progress against the Corporate Plan	Tbc	Cllr Julian Thompson-Hill / Alan Smith
	3	Update on options appraisals for In-house Care Services	To consider and, if appropriate, make a decision on the potential options for future provision of the services identified in the report	Tbc	Cllr Bobby Feeley / Phil Gilroy
	4	Denbighshire Supporting People Local Commissioning Plan 2017-18	To approve the final Local Commissioning Plan for the Supporting People Programme in Denbighshire 2017-18 prior to submission to the Supporting People Regional Collaborative Committee in January 2017.	Yes	Cllr Bobby Feeley / Liana Duffy
	5	Items from Scrutiny Committees	To consider any issues raised by Scrutiny for Cabinet's attention	Tbc	Scrutiny Coordinator
24 January	1	Finance Report	To update Cabinet on the	Tbc	Councillor Julian

Cabinet Forward Work Plan

Meeting	Item (description / title)		Purpose of report	Cabinet Decision required (yes/no)	Author – Lead member and contact officer
			current financial position of the Council		Thompson-Hill / Richard Weigh
	2	Update on options appraisals for In-house Care Services	To consider and, if appropriate, make a decision on the potential options for future provision of the services identified in the report	Tbc	Cllr Bobby Feeley / Phil Gilroy
	3	Items from Scrutiny Committees	To consider any issues raised by Scrutiny for Cabinet's attention	Tbc	Scrutiny Coordinator

Note for officers – Cabinet Report Deadlines

<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>	<i>Meeting</i>	<i>Deadline</i>
<i>October</i>	<i>11 October</i>	<i>November</i>	<i>1 November</i>	<i>December</i>	<i>29 November</i>

Updated 12/09/16 - KEJ

Cabinet Forward Work Programme.doc

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