

CABINET

Minutes of a meeting of the Cabinet held in the Council Chamber, County Hall, Ruthin on Tuesday, 26 September 2017 at 10.00 am.

PRESENT

Councillors Hugh Evans, Leader and Lead Member for the Economy and Corporate Governance; Bobby Feeley, Lead Member for Well-being and Independence; Huw Hilditch-Roberts, Lead Member for Education, Children and Young People; Brian Jones, Lead Member for Highways, Planning and Sustainable Travel; Richard Mainon, Lead Member for Developing Community Infrastructure; Tony Thomas, Lead Member for Housing, Regulation and the Environment; Julian Thompson-Hill, Lead Member for Finance, Performance and Strategic Assets, and Mark Young, Lead Member for Corporate Standards

Observers: Councillors Meirick Davies, Martyn Holland, Huw Jones, Arwel Roberts, Rhys Thomas and Emrys Wynne

ALSO PRESENT

Chief Executive (MM); Corporate Directors: Economy and Public Realm (RM) and Communities (NS); Heads of Service: Legal, HR and Democratic Services (GW), Finance/S.151 Officer (RW), Business Improvement and Modernisation (AS); Strategic Planning Team Manager (NK) and Committee Administrator (KEJ)

POINT OF NOTICE

The Leader reported that Rebecca Maxwell, Corporate Director was attending her last Cabinet meeting and conveyed his appreciation for the valuable work she had undertaken during her time with the authority and wished her all the best for the future. Ms. Maxwell advised that he had enjoyed her time with the authority immensely and that Denbighshire was a great place to work and live. She thanked everyone for their support over the last five years and reflected on the authority's achievements and plans for the future.

1 APOLOGIES

There were no apologies.

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 18 July 2017 were submitted.

Page 10, Item 7: Appointment of Members to Outside Bodies – Councillor Bobby Feeley highlighted that most of the appointed representatives had been male and asked that this be taken into account when considering future appointments with a view to increasing the number of female representatives on outside bodies. The Leader asked members to consider this point when approving future appointments.

RESOLVED that the minutes of the meeting held on 18 July 2017 be approved as a correct record and signed by the Leader.

5 NORTH WALES ECONOMIC GROWTH DEAL BID - PROGRESS REPORT

Councillor Hugh Evans presented the report updating Cabinet on progress with the development of a Growth Deal Bid for the region, advised as to the next steps within the process and sought approval of authorisations for the work going forward.

Cabinet was reminded that the Growth Vision for the Economy of North Wales had been adopted by all six Cabinets and other partner organisations and they had been invited to develop that vision into a 'Growth Bid' for national investment and the conferment of powers from UK and Welsh Governments. The Leader was confident that Denbighshire would benefit from the deal and highlighted the need to work regionally with partners to provide a thriving economy for North Wales.

The Corporate Director Economy and Public Realm provided some further background and outlined development work already undertaken under the themes of (a) strategic employment and housing sites; (b) business growth and innovation; (c) transport infrastructure and services; and (d) skills, worklessness and social reform. She also advised of the expected timescales for future progression and elaborated upon the report recommendations. Early stage negotiations needed to start with both Welsh and UK Governments and approval was sought to establish a 'Shadow' Joint Committee and authorise the Leader to represent Denbighshire on it and in the first stage negotiations pending formal establishment of the full Joint Committee. A similar report was being presented to all six Cabinets.

During a lengthy debate the main issues focused on the following matters –

- questions were raised regarding Denbighshire's relationship and interaction with other economic alliances given the growth deal bid and officers explained the role of the Mersey Dee Alliance who continued to work alongside the region; referred to close working with Cheshire and Warrington Local Economic Partnership on a cross border basis; and contributions made to the wider strategy of the Northern Powerhouse network. Further reference was made to the regional work running parallel to other growth bids in selected regions of England and in South Wales and recognised links with West Midlands in particular and the need to work with the Midlands Engine for Growth. It was also noted that the role of the North Wales Economic Ambition Board would need to change as a result of the new governance arrangements
- the importance of ensuring Denbighshire was well placed to benefit from the regional working and would not be disadvantaged as a result was emphasised.

Officers were keen to stress the potentially strong benefits for Denbighshire, who was very well placed being central in the region, and there were proposals already in the growth deal bid which would benefit the county. A lot of investment lobbying was being undertaken with a view to improving connectivity (both physical and digital) which would make it easier for residents to travel, and employment opportunities that may be created both further afield and in the county with St. Asaph Business Park having been identified as a key employment location. The Leader would be responsible for promoting and safeguarding Denbighshire's interests through the Joint Committee and this work had also been identified as a core priority for the new Corporate Director

- officers elaborated on the proposed governance model and constitutional arrangements advising that membership would consist of the Leader of each of the six Councils with the option to co-opt non-voting advisors from three key partner organisations. A host authority would be required to support the Joint Committee and provide legal, secretarial and administrative support. Work was currently ongoing to develop an Inter Authority Agreement (IAA) setting out how the Joint Committee would be governed; how decisions would be made (including reserved matters for individual authorities); how financial contributions would be apportioned and indemnities. The IAA would also set out how a local authority could leave that agreement. Reference was made to different models for partnership arrangements and assurances were provided that the Joint Committee was the most appropriate model in this case. The proposed model and its functions were consistent with the model proposed by Welsh Government for regional governance. Different structures would need to be set up under the Joint Committee in order to oversee individual projects. It was noted that further debate was required around financial proportionality and contributions for particular schemes to ensure Denbighshire had value for money and the need for a clear financial governance structure was also highlighted. Individual business cases for elements of particular bids would need to be approved both in financial terms and content
- scrutiny of the Joint Committee would be a matter for the six local authorities to agree and include in the IAA and there may be an option to consider joint scrutiny arrangements – in the interim Partnerships Scrutiny Committee would be reviewing the arrangements for the growth deal bid as it developed
- it was clarified that there would be no lead authority and no local authority would have any greater influence over another. The host authority would provide legal, secretarial and administrative support and would not offer an advantage
- in terms of leading on particular areas of work going forward the report referred to what was required to develop those proposals into business cases which would be a matter for the Shadow Joint Committee to consider. It had been suggested that a team of potentially seconded officers could work together to develop the proposals for the region
- some discussion focused on the physical connectivity of the region including the importance of Holyhead Port; projects including electrification, and other specific transport links within the region. Road and rail infrastructure and connectivity and wider transport planning were central to the North Wales Growth Strategy and the Growth Track 360 Plan made the case for cross-border rail investment. In terms of regional working the proposal was for a Joint Committee around economic development but given the importance of transport infrastructure it was expected that a specialist Transport Sub-Committee would be required.

Transport Lead Members had been in discussions regarding a more regional approach to enable greater control and management of transport issues which may be achieved by having a regional transport authority

- it was clarified that the growth bid was to both UK and Welsh Governments who would agree jointly whether or not they would fund it and the need for careful consideration of the final governance model and the way any future financial contributions or commitments were approved had been highlighted in the report. There were no direct additional resource implications at this stage beyond making a revenue contribution of £50k from 2017/18 budgets which had already been accounted for. Future costs would be considered in future budget rounds.

RESOLVED that Cabinet –

- (a) *notes and supports the progress of the development of a competitive Growth Deal Bid for the region;*
- (b) *supports in principle, the preferred governance model of a statutory joint committee model for further development, with a full report on a recommended constitution and terms of reference, and Inter Authority Agreement, to follow later in the year;*
- (c) *authorises the Leader to act as Denbighshire's member of a 'Shadow' Joint Committee in the interim period;*
- (d) *authorises the Leader, together with the Leaders of the other 5 partners councils, to enter into collective first stage negotiations with both Governments over the scale and outline content of a Growth Deal Bid, noting that no financial or other commitments will be entered into at this first stage of negotiations, and*
- (e) *confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 3 to the report) as part of its consideration.*

6 DENBIGHSHIRE COUNTY COUNCIL'S CORPORATE PLAN 2017-2022

Councillor Julian Thompson-Hill presented the draft Corporate Plan for consideration by Cabinet prior to its submission to Council on 17 October 2017.

The last Council had largely delivered a very ambitious Corporate Plan demonstrating its ambition and commitment to delivering on its priorities. The priorities in the draft Corporate Plan covered Housing; Younger People: Connected Communities; Resilient Communities and the Environment and had been identified following a comprehensive process of evidence-gathering and analysis and in-depth consultation with communities (County Conversation), partners and elected members. If the Plan was adopted it should be possible to deliver most of the actions subject to the availability of funding for particular projects and a supporting Financial Plan would be included as part of the Corporate Plan document submitted to Council. Cabinet's attention was also drawn to the key principles within the Plan covering Equalities and Welsh Language together with governance arrangements going forward including scrutiny and monitoring. Finally Councillor Thompson-Hill

reminded members of his offer to meet with political groups to further discuss the Corporate Plan and provided assurances that important issues raised by members during the consultation process which had not been specifically included within the Plan would have been captured elsewhere within service business plans.

The Leader referred to the consultation process and outcomes within the Corporate Plan which demonstrated that the Council had listened and responded to the issues raised. He welcomed and supported the Plan as a means of delivering on residents' expectations of a local authority and making a difference in communities. He was satisfied that important issues not included as specific priorities in the Plan would still be addressed highlighting the economic strategy as a prime example.

Members discussed the report further with the Lead Member and the Head of Business Improvement and Modernising as follows –

- Cabinet had been pleased to note the open and transparent consultation process resulting in a Plan which would make a real difference to residents and agreed the draft Corporate Plan maintained the Council's ambitions but was also realistic. It was suggested that reference to the County Conversation be made at the beginning of the document to set the context and show that residents' views had been valued and taken into account in formulating the Plan
- Councillor Huw Hilditch-Roberts highlighted that bold decisions needed to be made in order to deliver the Plan, using decisions relating to housing developments as a prime example, and he asked that all elected members be made fully aware of their role within the process and the commitment required to ensure successful delivery of the Plan
- Councillor Bobby Feeley particularly welcomed the inclusion and remit of Environment as a priority and officers advised that it had been a key theme from young people during the County Conversation
- there was some discussion about how to express what the Council hoped to achieve with particular reference to the Plan's wording "we will" given that actions to meet particular achievements were outside of the Council's control and the responsibility of other organisations. It was accepted that there were some areas which were not solely within the Council's control, however the Council could influence and be a driver to ensure outcomes were achieved and it was hoped the wording would reflect the Council's intention and will to achieve a particular outcome despite there being no guarantee
- reference was made to the key principle to work to ensure the Welsh Language thrived in Denbighshire and the need to further drive this forward and officers advised that the Plan reflected the Council's position and strategies and ambition to improvement in that area. The Leader referred to the establishment of a Welsh Language Steering Committee to take matters forward and highlighted the need for inclusion and development of the Welsh Language with non-Welsh speakers as part of that process. Councillor Huw Hilditch-Roberts was pleased the Welsh Language had been recognised within the Plan and highlighted the need to change the culture and ethos to ensure that Welsh Language was embedded in everyday life. In response to calls from Councillor Arwel Roberts for new schools to be bilingual, Councillor Hilditch-Roberts indicated his support for bilingual schools and reported upon requests to the

Welsh Government to clarify language categorisations given the confusion in that regard

- in response to a request to further engage with Town/City/Community Councils, Councillor Richard Mainon advised that he was looking at how Town/City/Community Councils could be brought into the process and help aid with delivery of the Corporate Plan
- members also made reference to individual achievements highlighted within the Plan and officers provided an explanation as to their inclusion and likelihood of them being delivered including references to affordable housing; bringing back empty homes into use; reducing the number of properties at risk of flooding and increasing the number of trees in Rhyl and Denbigh. It was also clarified that the development of cycling routes would be considered under the Connected Communities theme and sustainable travel.

RESOLVED that Cabinet –

- approves the near final draft Corporate Plan for submission to County Council on 17 October 2017 and recommends its adoption subject to (1) final refinement of wording, and (2) inclusion of a supporting financial plan, and*
- confirms it has read, understood and taken account of the Well-being Impact Assessment (Appendix B to the report) as part of its consideration.*

At this juncture 11.35 a.m. the meeting adjourned for a refreshment break.

7 CORPORATE POLICY: INCOME, FEES AND CHARGES

Councillor Julian Thompson-Hill presented the report seeking Cabinet approval of the Corporate Policy: Income, Fees and Charges setting out the Council's approach to income generation and charging for services.

The Council raised approximately £48m annually in various fees and charges. Whilst procedures and responsibilities for the management of income were clearly set out in Financial Regulations, a corporate policy with strategic principles would strengthen the Council's approach and be beneficial to budget planning. Councillor Thompson-Hill briefly outlined the policy highlighting particular areas within the document including the scope of the policy; key charging principles and concessions. He particularly highlighted the key principle that the assumption going forward would be to legally charge for a service unless there was a specific reason for not doing so, and that the charge would rise annually in line with inflation.

Cabinet noted that the creation of a corporate policy relating to fees and charges had been raised in by the Wales Audit Office in previous Annual Improvement Reports with a view to strengthening its approach to income generation. It was recognised that the policy was predominantly about bringing all the elements together in a corporate document for transparency and to ensure that all services were working to the same basic principles. In terms of the introduction of new charges, such as for social care services, it was considered vital that an appropriate public engagement strategy was employed and to be sensitive to the needs of the public. Some discussion focused on the need to benchmark the level of charges

against other service sectors to ensure they reflected the current market value and it was confirmed that this element had already been written in to the policy.

Councillor Meirick Davies raised concerns about additional charges imposed by the Council when paying in cash for services. The Head of Finance advised that it generally cost less to collect payments via direct debit and therefore electronic payments were encouraged. He agreed to look further into the matter and report back to Councillor Davies directly thereon.

RESOLVED that Cabinet approves the 'Corporate Policy: Income Fees and Charges' document attached as an appendix to the report.

8 REVISED MINIMUM REVENUE PROVISION (MRP) POLICY 2017/18

Councillor Julian Thompson-Hill presented a report seeking Cabinet approval and recommendation of revisions to the MRP Policy for 2017/18 to County Council.

A review of the Council's current MRP Policy had identified that by changing the method for making the MRP a significant saving opportunity would be delivered. The proposed change also introduced a more equitable method for apportioning the costs associated with the capital programme. Cabinet was guided through the technical information including different methodologies which could be adopted and reasoning behind the proposed revisions and conclusion that the most appropriate methodology would be to move to the asset life straight line which was essentially a repayment of assessed debt over 50 years. The proposed change would release £1.861m cash saving in 2017/18 and an ongoing budget reduction of £1.861m. The Head of Finance added that the revisions would impact better on future generations because the debt would be paid off. It was a prudent method of dealing with MRP and had been based on a firm assessment of relevant assets.

The Lead Member and Head of Finance responded to specific issues as follows –

- assurances were sought that future borrowing would not be constrained from 2033 when higher repayments were required. It was explained that the debt was being spread over a longer period but would eventually be paid off and there would be peaks and troughs over that period but officers were confident that they were manageable in the overall scheme. Further assurances were given that the methodology would not impact on the Council's capacity in the future and the biggest risk to the authority was overall funding rather than reasonably marginal differences in the cost of servicing some of the historic debt
- it was clarified that there would be an annual recurring budget saving and there would also be an in year cash saving in the current financial year by implementing the revisions at this point
- with regard to the buyout of the County Hall PFI agreement it was explained that given the low borrowing rates it had cost the Council significantly less to buy themselves out of the agreement than to continue with it; a further saving had been made on the building's upkeep and maintenance costs.

Cabinet welcomed the policy change as a means of cost saving in a way which did not negatively impact on services whilst also setting a prudent MRP policy as evidenced within the technical information.

RESOLVED that Cabinet –

- (a) *approve and recommend to County Council the revisions to the MRP policy for 2017/18 –*
- *Policy for 2017/18 – Option 3 (Asset Life Method – straight line) to be used for calculating MRP on outstanding supported borrowing as at 31 March 2017. The calculation will be the ‘straight line’ method over 50 years. This represents a change from Option 1 (Regulatory Method) as approved by Council on 14 February 2017*
 - *Policy for 2017/18 – Option 3 (Asset Life Method – straight line) to be used for calculating MRP on Supported borrowing incurred on or after 1 April 2017. The calculation will be the ‘straight line’ method over an appropriate number of years, dependent on the period of time that the capital expenditure is likely to generate benefits. This also represents a change from Option 1*
 - *Policy for 2017/18 – Option 3 (Asset Life Method – straight line) to be used for calculating MRP on all capital expenditure funded from unsupported borrowing. This represents a continuation of the approved policy,*
- (b) *approve the use of the cash saving in 2017/18 and the recurring budget saving from 2018/19 as set out in the latest version of the Medium Term Financial Plan and summarised below –*
- *2017/18 Cash Saving – it is recommended that the cash saving of £1.861m is placed in the Budget Mitigation Reserve in order to help mitigate the effects of budget reductions in 2018/19*
 - *Ongoing saving of from 2018/19 – it is recommended to reduce the capital financing budget by £1.861m as part of the strategy to balance the 2018/19 budget.*

9 ANNUAL TREASURY MANAGEMENT REPORT 2016/17

Councillor Julian Thompson-Hill presented the report updating members on the performance of the treasury management function and demonstrating compliance with treasury limits and Prudential Indicators during 2016/17.

In summarising the report Councillor Thompson-Hill highlighted the importance of treasury management and the main points for members in terms of borrowing and investment activity. He also confirmed compliance with all prudential indicators set and guided members through those indicators as detailed in Annex B to the report confirming appropriate ratios of financing costs and borrowing levels. In terms of ongoing commitments to the Corporate Plan the Head of Finance confirmed that some school funding projects had taken longer to come to fruition and funding had been identified to proceed with those projects providing all requirements were met.

RESOLVED that Cabinet –

- (a) note the performance of the Council's Treasury Management function during 2016/17 and its compliance with the required Prudential Indicators as reported in the Annual Treasury Management Report 2016/17 (Appendix 1 to the report), and
- (b) confirms it has read, understood and taken account of the Well-being Impact Assessment (Appendix 2 to the report) as part of its consideration.

10 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 underspend of £0.002m was forecast for service and corporate budgets
- service efficiencies worth £0.902m having already been agreed as part of the budget with the assumption that all would be delivered – any exceptions would be reported to Cabinet if required
- highlighted current risks and variances relating to individual service areas with particular emphasis on the overspend in Children's Services given the volatility in placement costs for which a reserve had been set up to mitigate, and
- provided a general update on the Housing Revenue Account, Housing Capital Plan and the Capital Plan (including the Corporate Plan element).

Reference was also made the changes in MRP provision approved by Cabinet and use of the £1.861m saving to help mitigate future budget reductions.

The following matters were raised during debate –

- Rhos Street School and Ysgol Penbarras – Councillor Bobby Feeley advised that one of the safe routes to schools had been rejected for government funding and she sought assurances that alternative funding would be secured. Councillor Huw Hilditch-Roberts confirmed that the matter was being addressed and reported upon work ongoing with a view to securing funding for that route
- School Deficits – previous concerns had been raised regarding the number of schools in financial deficit and meetings between Lead Members and Finance Officers had taken place and assurances had been provided regarding the methodologies in place to deal with those deficits. Assurances were also given that financial recovery plans included a clear timeline and fixed end date and would be subject to close monitoring and review.

RESOLVED that Cabinet notes the budgets set for 2017/18 and progress against the agreed strategy.

11 CABINET FORWARD WORK PROGRAMME

The Cabinet Forward Work Programme was presented for consideration and members noted an item to be added to the work programme for October regarding Denbighshire Learning Disability Community Living contracts.

RESOLVED that Cabinet's Forward Work Programme be noted.

EXCLUSION OF PRESS AND PUBLIC

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

12 RHYL WATERPARK: CONTRACTS AWARD

Councillor Hugh Evans presented the confidential report informing Cabinet of the contract award regarding the development of the Rhyl Waterpark.

Cabinet was provided with some background information leading up to the Council's decision to develop a new Waterpark in Rhyl as part of the Rhyl Regeneration and Waterfront development programme together with progress to date. In order to meet the construction programme and secure cost certainty it had been necessary to award the contract in early September. Given those time constraints the decision to award the contract had been made under the Council's scheme of delegation. Any delay would have resulted in additional costs being incurred and risks to the project timetable and the Head of Legal, HR and Democratic Services confirmed that he was satisfied that it was an appropriate decision made under delegated powers.

RESOLVED that the report be received and noted.

The meeting concluded at 12.50 p.m.