

## **CABINET**

Minutes of a remote meeting of the Cabinet held on Tuesday, 26 May 2020 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; Brian Jones, Lead Member for Waste, Transport and the Environment; Richard Mainon, Lead Member for Corporate Services and Strategic Direction; Tony Thomas, Lead Member for Housing and Communities; Julian Thompson-Hill, Lead Member for Finance, Performance and Strategic Assets, and Mark Young, Lead Member for Planning, Public Protection and Safer Communities

**Observers:** Councillors Joan Butterfield, Martyn Holland, Alan James, Tina Jones, Gwyneth Kensler, Barry Mellor, Peter Scott, Glenn Swingler, Joe Welch and Emrys Wynne

### **ALSO PRESENT**

Chief Executive (JG); Corporate Directors: Communities (NS) and Economy and Public Realm (GB); Heads of Service: Legal, HR and Democratic Services (GW) and Finance and Property (SG), Democratic Services Manager (SP), Scrutiny Coordinator (RE), ICT Business Partner (MJ), Communications Officer (MJ) and Committee Administrator (KEJ)

The Local Democracy Reporter was also in remote attendance to observe proceedings.

### **POINTS OF NOTICE**

[Due to the current restrictions on travel and the requirement for social distancing as a result of the coronavirus pandemic the meeting was held remotely by video conference and was not open to the general public. Political Groups had been invited to nominate up to three members to attend as observers and the Local Democracy Reporter had also been invited to observe the proceedings.]

The Leader welcomed everyone to the first formal meeting of the Cabinet held since the onset of the coronavirus pandemic and he highlighted the devastating impact at all levels and began the meeting with a moment of silent reflection to remember those affected.

The Leader also took the opportunity to thank officers for their work on the frontline in Denbighshire in very difficult circumstances and to those who had been redeployed to where they were most needed, which provided both an assurance to residents in the continuation of services and support through the crisis. The Chief Executive also took the opportunity to thank staff for their flexibility and fortitude over recent times.

### **1 APOLOGIES**

There were no apologies.

## 2 DECLARATION OF INTERESTS

No declaration of interest had been raised.

## 3 URGENT MATTERS

At this point, and at the invitation of the Leader, Councillor Bobby Feeley, Lead Member for Well-being and Independence made the following statement –

“As Lead Member I am very concerned about coronavirus and the impact that can be seen now in care homes, hospitals and communities. Although numbers generally across Wales are now reducing, there are still people getting sick and some, sadly, dying. Our thoughts are with those who have lost someone to this terrible virus.

Unfortunately the numbers of positive cases in North Wales, including Denbighshire, are still increasing. This is partly due to access to testing and we are working with colleagues in Betsi Cadwaladr University Health Board and Public Health Wales to learn more about the differing levels of infection.

That being said coronavirus is still with us and our Council Officers continue to provide support to care homes and social care providers to protect our most vulnerable residents.

Can I finish by urging everyone to adhere to the Welsh Government guideline to –  
Stay at Home – Protect the NHS – Save Lives.”

## 4 MINUTES

The minutes of the Cabinet meeting held on 18 February 2020 were submitted.

**Matters Arising** – Pages 7 & 8, Item No. 6 Recommendations of the Strategic Investment Group & Item No. 7 Finance Report – Councillor Peter Scott raised questions regarding subsequent outcomes following the recent storm damage sustained in the county. Councillor Brian Jones advised that the planned flood meeting with the First Minister had not taken place but matters had since moved on. A request for funding for specific projects arising from the storm damage across Denbighshire had been made to the Welsh Government, including bridges and highways, and a response was currently awaited. With regard to the assessment of the wider impacts the Chief Executive confirmed that the planned work had been paused as a consequence of Covid 19 but it would be revisited at a future date.

**RESOLVED** that the minutes of the meeting held on 18 February 2020 be received and confirmed as a correct record.

## 5 APPROVAL OF STRATEGIC INVESTMENT GROUP (SIG) RECOMMENDATIONS

Councillor Julian Thompson-Hill presented the report seeking Cabinet approval for two Business Cases relating to the Design Phases of Coastal Defence Schemes in Rhyl and Prestayn costing over £1m (100% grant funded by Welsh Government).

The report set out details of the two grant funded projects summarised as follows –

- Central Prestatyn Coastal Defence Scheme – would provide 1 in 200 year standard of protection to 2045 residential and 62 non-residential properties plus additional protection against predicted sea level rise for the next 100 years. Approval required to commence design and development of scheme at estimated cost of £1,487,180. A grant submission had been made to the Welsh Government (WG) for that element and it was expected WG would fund at 100%
- Central Rhyl Coastal Defence Scheme – would provide 1 in 200 year standard of protection to 548 residential and 33 non-residential properties plus additional protection against predicted sea level rise for the next 100 years. Approval required to commence design and development of the scheme at estimated cost of £2,550,950. A grant submission had been made to the Welsh Government (WG) for that element and it was expected WG would fund at 100%

Both projects had been recommended for approval to the design stage only by the Strategic Investment Group on the basis that there would be no financial risk to the Council and that proceeding with the design phase did not commit the Council to the construction phase and subsequent further funding. Decisions about future funding would need to be made when the full financial impact of the current coronavirus pandemic became clear and therefore it was important to manage expectations in that regard in terms of the potential to progress the schemes. Councillor Brian Jones added his support to the report recommendations given the current flood risk and the protection to be afforded to both residents and businesses which he considered provided value for money in terms of the investment required.

Cabinet recognised the importance of the schemes to protect against future flood risk and carefully considered the report recommendations in the present context.

During the ensuing debate Councillor Mark Young questioned whether it would be appropriate to proceed to the design stage at this time given the significant cost of the process (albeit would be met by WG) in the current financial climate with no guarantee of future progression and pending review of the Council's priorities. He was also keen to ensure that approving the recommendations would not prejudice any future decision on those priorities. Councillor Bobby Feeley agreed there may be merit in delaying a decision to proceed given the significant outlay and current deficit position which resulted in uncertainty over future progress. The Leader responded that the design phase would be fully funded by the WG and there was no commitment for the Council to proceed beyond that stage. The situation would be reviewed at the appropriate time in terms of future capital investment but given the scale of investment and number of properties that would benefit, if it was decided to progress the schemes, the Council would be well placed to access grant funding which may otherwise be lost. Councillor Brian Jones added that the WG may be able to fully fund the schemes in future years. Councillor Thompson-Hill confirmed that the process of reviewing priorities would soon be carried out but for

the purposes of the report it had been made clear that approval to the design stage did not prejudge the decision to proceed on that basis and did not assume approval going forward. There would be no risk to the Council in taking the schemes forward to the design stage and the WG had allocated funding for that specific purpose and approval would ensure the Council was best placed for the next phase in the event that the schemes did progress. Councillor Tony Thomas also supported the report recommendations highlighting the need to be prepared in addressing flood risk for the benefit of communities.

At the invitation of the Leader Councillor Barry Mellor addressed the Cabinet and spoke in favour of proceeding to the design stage highlighting that lives could be lost if measures were not taken to address the flood risk in those communities at the earliest opportunity. He was also concerned that any delay to the process may lead to loss of grant funding and result in future increases in project costs.

**RESOLVED** that Cabinet –

- (a) *approve the design stage of the Central Prestatyn Coastal Defence Scheme, which would be 100% grant funded by the Welsh Government, on the understanding that there was no risk to the Council and that it did not commit the authority to the construction phase and further funding (as detailed in Section 4.2 of the report and Appendix 1 to the report), and*
- (b) *approve the design stage of the Central Rhyl Coastal Defence Scheme, which would be 100% grant funded by the Welsh Government, on the understanding that there was no risk to the Council and that this did not commit the authority to the construction stage and further funding (as detailed in Section 4.3 and Appendix 2 to the report).*

## **6 FINANCE REPORT (COVID 19 FINANCIAL STRATEGY)**

Councillor Julian Thompson-Hill presented the report setting out the financial impact of COVID 19 on the Council's 2020/21 budget, which was a combination of additional costs as well as a significant loss in income, and proposed a strategy for responding to the crisis and mitigating that impact in the short to medium term.

Cabinet was advised that the impact of the coronavirus pandemic would be significant and that business as usual from a financial perspective was not possible if the Council was to respond to the crisis. Councillor Thompson-Hill outlined the financial impact together with the short and medium term response proposed taking into account the impact on cash flow and base budget. In summary –

- **Effects of COVID 19 on Income and Expenditure up to end of June** – A net increase of £2.1m in expenditure was projected for the quarter to the end of June (additional expenditure of £2.8m alongside a decrease in expenditure of £747k). Income losses of £6.3m were forecast for the same period (the largest impact of £2.22m on Denbighshire Leisure Limited). Welsh Government (WG) was expected to provide funding for the additional expenditure but no firm announcement for funding loss of income had been made to date. The Welsh Local Government Association (WLGA) had submitted information to WG to

inform that process and it was expected that funding announcements would be made before the end of May. The net impact of £8.3m per quarter, if not funded, would have a devastating impact on the Council finances if the lockdown continued for an extended period. It was noted that the projected figures were subject to change and did not include the impact on levels of Council Tax Reduction Scheme claimants or payment of Council Tax itself

- **Short Term Response Phase** – partnership working had been ongoing with all Welsh local authorities, WLGA and WG to help define the scale of the problem and develop solutions. The recommended strategy over the next few months was to identify a way to ensure the financial stability of the Council for 2020/21 and beyond to include (1) continuing to work in partnership to try and achieve financial help to cover the overspend due to losses of income; (2) to continue to identify and define the financial impact to achieve an increasingly more accurate picture; (3) keep under review decisions that had led to decreases in income, and (4) to ensure the financial flexibility to deal with any residual overspends and continue to deliver efficient and effective services. This included identifying current underspends, review of non-statutory services, review of reserves and balances and exploring the capitalisation of revenue losses
- **Medium Term Response and Recovery Phase** – this would be dependent on the outcome of the response phase. It was hoped the Council could build on the learning of the crisis to take advantage of opportunities for better and more resilient ways of working. This would involve the identification of new priorities, areas of ongoing savings and areas that required investment. Work to be completed over the coming months included: production of the Medium Term Financial Strategy; Revenue Budget Setting Process and Timetable, and a Review of Capital Priorities and Projects.

The Head of Finance and Property added that it was a fast changing situation and he provided a further update, since the report was written, regarding the regulations and administration arrangements surrounding the grant funding made available by WG in respect of direct costs and social care together with free school meals and digitally excluded learners. In terms of the availability of extra funding indications were that a significant sum of money would be made available in the supplementary budget to be announced on 27 May which would inform future financial planning.

The following matters were raised during debate –

- Councillor Mark Young expressed his thanks for the hard work undertaken in administering the business grants scheme and ensuring charities had access to resilience funding which had made a significant difference to those affected
- in response to subsequent questions raised by Councillor Mark Young, the Lead Member for Finance and Head of Finance and Property confirmed that the UK Government would be borrowing for a range of purposes and any areas of borrowing involving devolved issues would result in a Barnett formula consequential for Wales and WG would decide where to allocate that additional funding; with regard to future solvency the report set out the pressures for the first quarter and the funding announced would cover the first quarter expenditure – it was hoped that tomorrow's announcement would go some way to cover the

income shortfall for the same period and, depending on the outcome, a shortfall of approximately £2m was likely, hence the measures detailed within the report. Following the outcome for quarter 1 attention would turn to quarter 2 and work to lobby for that funding – if there was an easing of the lockdown after June it might be possible for some income streams to be resumed. Finally the Leader and Chief Executive confirmed that local authorities had been expected to undertake additional work, including the Track, Trace and Protect Programme, which required a significant resource, and there had been some financial commitment from the UK Government in that regard. Given that some officers had already been committed to alternative duties and others would be required for when services resumed it would be a challenge to allocate and redirect staff for that purpose, particularly if funding was not forthcoming

- Councillor Brian Jones sought assurances that the highways underspend for 2019/20 would be carried over and that the capital spend for highways in 2020/21 would remain intact. The Lead Member for Finance explained the usual practice of bringing the financial outturn report to Cabinet in June detailing recommendations for carry forward or otherwise of service overspend – it was likely that if the slippage in spend had been due to Covid 19 then funding would be carried forward. For the next financial year the block allocations for investment in assets, including highways, would carry forward but those allocations were submitted on an annual basis and therefore as yet not approved – it was assumed they would continue provided funding was available
- Councillor Bobby Feeley acknowledged the significant financial impact of the coronavirus pandemic and the identified measures to respond to that which potentially included a review of non-statutory services – she highlighted the value of non-statutory services, many of which affected people's wellbeing and quality of life, and indicated that she would resist any proposals to dismiss those services in favour of savings made from modernised and different ways of working that did not impact on service delivery. Councillor Thompson-Hill highlighted the Council's legal duty to provide a balanced budget and the need for all options to be identified to achieve that. However it would be the worst case scenario depending on the Council's financial position. The Head of Finance and Property added that the report set out the strategy for working in partnership to try and secure additional funding but given the risk that funding was not forthcoming then action would need to be taken to use one or more of the measures identified to meet the funding gap which was in line with the usual budget process. The Chief Executive confirmed that many lessons had been learnt in terms of operational and working practices but if sufficient funding was not received from WG then difficult choices would need to be made.

The Leader highlighted the challenges and uncertainties for local authorities arising from the pandemic including the financial impact if funding losses were not met. However he was pleased to report on the positive relationship with Ministers through the WLGA and regular meetings where there was recognition that local government had a key role in delivering services together with the financial challenges faced. Those challenges were further impacted by the fast changing circumstances creating difficulties for future financial planning. As part of the recovery process it was important that local authorities responded to the challenges faced and opportunities had been provided to work differently and more efficiently. He highlighted the importance of ICT and Democratic Services working together to

ensure democratic processes continued as expected and there were greater opportunities for more modern ways of working. The Leader also agreed that the non-statutory services were important for residents and would await the outcome of the forthcoming budget announcement from WG to inform future budget planning.

Lead Members responded to issues raised by non-Cabinet members as follows –

- Councillor Brian Jones provided an update on the opening of recycling centres and reasoning behind the slight delay due to technical issues. Councillor Emrys Wynne also asked for timely and clear guidance to be provided to both members and residents prior to the resumption of various services and facilities
- Councillor Julian Thompson-Hill confirmed that the reference in the report to major regeneration projects referred to the North Wales Hospital Redevelopment Scheme. He also referred to the definitions in law as regards to the classification of statutory and non-statutory services and the Head of Legal, HR and Democratic Services clarified the legal interpretations and obligations in that regard, particularly in terms of the wellbeing element in response to questions from Councillor Gwyneth Kensler which the Council had to have regard to but was not a statutory service as such.

**RESOLVED** that Cabinet –

- (a) *note the forecasts around the financial impact of the Covid 19 pandemic on the Council, and*
- (b) *approve the Draft Financial Strategy as outlined in the report.*

## **7 CABINET FORWARD WORK PROGRAMME**

The Cabinet forward work programme was presented for consideration and members noted the following additions –

- Financial Outturn Report 2019/20 – June
- North Wales Growth Deal Governance Agreement 2 – November

**RESOLVED** that Cabinet's forward work programme be noted.

The meeting concluded at 11.43 hrs.