

CABINET

Minutes of a remote meeting of the Cabinet held by video conference on Tuesday, 22 September 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; Huw Hilditch-Roberts, Lead Member for Education, Children's Services and Public Engagement; 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, Meirick Davies, Alan James, Gwyneth Kensler, Paul Penlington, Peter Scott, Rhys Thomas and Emrys Wynne

ALSO PRESENT

Chief Executive (JG); Corporate Director Communities (NS); Heads of Service: Legal, HR and Democratic Services (GW) and Finance and Property (SG); Programme Manager – Modernising Education (JC); Programme Manager – Housing Development (MD); Principal Chartered Valuation and Estates Surveyor (MJ); Strategic Planning Team Manager (NK); Lead Officer – Strategic Asset Management (TB); Project Manager (RV); Scrutiny Coordinator (RE), 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 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. All members had been given the opportunity to attend as observers and the Local Democracy Reporter had also been invited to observe.

The Leader referred to the sad news that Sue License, Legal, HR and Democratic Services had passed away. She had been a highly respected officer and he paid tribute to her professionalism and valuable support to members. Thoughts were with her family at this sad time. Council Chairman Councillor Meirick Davies echoed those sentiments.

1 APOLOGIES

There were no apologies.

2 DECLARATION OF INTERESTS

The following members declared a personal interest in agenda item 5 – 21st Century Schools Programme Band B Proposals –

Councillor Meirick Davies – School Governor Ysgol Cefn Meiriadog
Councillor Huw Hilditch-Roberts – Parent Ysgol Brynhyfryd / School Governor Ysgol Pen Barras
Councillor Peter Scott – School Governor St. Asaph VP Infants School
Councillor Emrys Wynne – School Governor Ysgol Brynhyfryd & Ysgol Borthyn
Councillor Mark Young – School Governor Denbigh High School

Councillor Bobby Feeley declared a personal interest in agenda item 11 – Former Savoy Hotel and the Queen’s Market, Theatre and Hotel, Rhyl because she was a Director of Denbighshire Leisure Limited.

3 URGENT MATTERS

At the Leader’s request the Chief Executive gave an overview of the current situation with regard to Covid-19 in Denbighshire. The latest figures showed a rise in cases over the last seven days to 25.1 cases per 100,000 population. There was currently no evidence of sustained community transmission however it was a rapidly evolving situation. The figures were similar to four other counties in North Wales and therefore a regional meeting had been called for later that day to discuss the situation. The rise in infection rates was a national trend with a number of counties in local lockdown and although the situation was worrying assurances were provided that public bodies were working closely together to carefully monitor and manage the position and members would be kept informed of developments.

4 MINUTES

The minutes of the Cabinet meeting held on 28 July 2020 were submitted.

RESOLVED that the minutes of the meeting held on 28 July 2020 be received and confirmed as a correct record.

5 21ST CENTURY SCHOOLS PROGRAMME - BAND B PROPOSALS

Councillor Huw Hilditch-Roberts presented the report providing an update on the progression of the proposals and seeking approval of the approach to the delivery of Band B of the 21st Century Schools Programme in Denbighshire.

Band B proposals focused on investment in schools in the Llangollen and Denbigh area together with a new primary school in Rhyl. Cabinet had considered options to progress Band B in December 2019 and agreed to seek additional funding of £15m from Welsh Government (WG) which also required an overall contribution of close to £21m for Denbighshire in order to deliver the programme of a value of £83m. Details of WG’s response had been provided which effectively required the list of projects to be prioritised and delivery of the programme in two phases. The first phase of projects would include detailed feasibility works to enable them to commence and the second phase would require the council to continue to discuss with WG the case for additional resources to ascertain delivery options.

The Lead Member explained that whilst the programme focused on the same schools it would not be possible, given the WG funding adjustment, to progress all projects at the same time. A prioritisation process had been undertaken based on need and he further elaborated upon that process and the reasoning behind the priority order for each individual school project. It was suggested that a further report be brought back to Cabinet in 18 months' time given the need to lobby WG for additional funding towards the projects in the second phase. In terms of timescales details of the various stages were provided and it was pleasing to note that the development and management of low carbon building projects would have a positive impact on the council's carbon footprint and result in financial savings.

Cabinet was disappointed to note it would not be possible to progress the original proposals as planned due to the financial adjustment but agreed with the approach outlined in the report as the best way forward to provide targeted investment based on need and welcomed that investment in schools. It was considered that the council's proven track record in delivering projects would stand it in good stead and supported the lobbying of WG for additional funding for phase two and to review the situation in 18 months' time. The energy efficiency measures for school projects referred to by the Lead Member was also welcomed. In response to questions from Councillor Mark Young it was confirmed that all head teachers had been briefed on the situation together with local members and assurances were provided that communication would continue with schools going forward. It was hoped that business cases could be developed early next year but was dependent on WG.

Lead Members responded to questions from non-Cabinet members as follows –

- in response to Councillor Paul Penlington it was explained that schools in Band B had been chosen based on a prioritisation process of greatest need and overall condition. There had been significant investment in Prestatyn High School in terms of repair and maintenance work and the school would likely be included in Band C, although work would need to be undertaken to measure the impact on pupil numbers as a consequence of the investment in Rhyl schools
- Councillor Emrys Wynne referred to the use of the North Wales Construction Framework to procure projects and was keen for greater emphasis to be put on local companies – assurances were provided that over 50% of firms were based in North Wales and proactive steps had been taken to enable local firms to participate. Some large projects precluded local firms due to capacity however a high proportion of that work was also carried out by sub-contractors locally
- at the suggestion of Councillor Meirick Davies it was agreed to amend the recommendation to include submission of the proposals to Welsh Government.

RESOLVED that Cabinet –

- (a) *approve the commencement of projects at Ysgol Plas Brondyffryn / Denbigh High School, Denbigh; Ysgol Bryn Collen / Ysgol Gwernant, Llangollen and Ysgol Pendref, Denbigh as part of the first phase of projects for Band B of the 21st Century Schools Programme and the submission of these proposals to Welsh Government, and*

- (b) *to continue to seek additional funding for the second phase of projects of Band B and to review the position in 18 months to ascertain options for the delivery of some of these projects.*

6 DISPOSAL OF LAND ADJACENT TO YSGOL PENDREF, DENBIGH

Councillor Julian Thompson-Hill presented the report seeking approval for the disposal of land (a field extending to 2.28 ha / 6.97 acres) adjacent to Ysgol Pendref, Denbigh on the open market for residential development.

The land used to be part of the Council's Agricultural Estate and was currently used for grazing under a short term let. It had been allocated for residential development in the Local Development Plan and a Site Development Brief adopted. The field together with a smaller one adjacent to Tan y Sgubor had been appropriated to the Council's Housing Revenue Account (HRA) and work to build houses on the smaller field (for social rent to be retained by the Council) was due to start in the autumn. Due to the number of homes which could be accommodated on the larger field and the desirability of offering different housing types/tenures to meet the needs in the Denbigh area, it was proposed that the field be sold and developed by an external party but with the expectation that 20% of homes provided would be built as affordable units and offered for sale to the Council at a price determined in accordance with the Supplementary Planning Guidance for affordable homes.

The Lead Members and officers responded to questions as follows –

- the 20% figure for affordable housing had been based on an analysis of need in the Denbigh area taking into account other housing developments and a stipulation would be added to any sale agreement that 20% of the homes built would have to be affordable housing and offered for sale to the council first
- the land had been allocated for housing in the LDP and appropriated to HRA, and therefore the former policy covering capital investment into the agricultural estate would not have applied
- clarified the location of the smaller plot referred to in the report which had not been illustrated as it had already been dealt with
- with regard to questions regarding the infrastructure to support future development it was noted that a Site Development Brief had been approved by the Planning Committee and that scoping for the school had not yet been completed but it would be taken into account as part of that process
- due to the size of the site there would be little merit in obtaining planning permission beforehand and approval of the Site Development Brief had been considered the best option with the developer applying for planning permission based on their own plans for the site taking account of that Brief
- Councillor Rhys Thomas asked that the latest draft National Development Framework published by WG also be borne in mind when selling the site and there was some debate regarding the context of that framework and how it would impact on both existing and future development sites.

RESOLVED that Cabinet –

- (a) *approves the disposal of land adjacent to Ysgol Pendref, Denbigh outlined in red on the plan (Appendix A to the report) which is surplus to Council requirements on the open market for residential development and delegates authority to the Lead Member for Finance, Performance and Strategic Assets to approve the final sale, and*
- (b) *confirms it has read, understood and taken account of the Well-being Impact Assessment (Appendix B to the report) as part of its consideration.*

7 ANNUAL PERFORMANCE REVIEW 2019 TO 2020

Councillor Julian Thompson-Hill presented the report together with the draft Annual Performance Review (APR) for 2019 to 2020 prior to its submission to Council and publication as required by the Local Government (Wales) Measure 2009.

Cabinet was advised that the report had been delayed due to the disruption caused by Covid-19 and therefore also covered quarter 1 where information was available including the council's response to the pandemic. The APR presented the council's performance against its priorities in 2019 to 2020; outlined plans for the Corporate Plan delivery in 2020 to 2021; showed the progress of council projects, and highlighted the council's progress in managing its risks.

The Strategic Planning Team Manager delivered a brief presentation on the APR highlighting the key challenges/achievements to Covid-19; an update on progress made against each of the corporate priority areas; references to risk management, sustainable development and equality issues, and also provided assurance around the scrutiny of external regulatory reports. In summary the council had made good progress against priorities which had since been impacted by Covid-19 and had brought forward significant challenges. The Lead Member added that a tranche review of priorities had revealed them to still be relevant in reflecting the needs of communities although some modification may be required. The Chief Executive reported on a recovery strand to review progress against the Corporate Plan and progress in some areas had been affected – the outcome of the review would be reported back to members. It was noted that future planning for the next Corporate Plan due to start in the next six months may well be impacted by Covid-19.

The Leader felt the report highlighted the flexibility of the council in addressing the challenges faced and paid tribute to the way in which the authority had responded to the pandemic, working well with communities in dealing with issues, and how the workforce had adjusted its resources at a pressurised time. He was pleased that the role of local government and its work in responding to the pandemic had been recognised by Welsh Government. Despite all those pressures the authority had also been able to deliver key elements in terms of its corporate priorities and he highlighted two issues which required an increased focus going forward (1) supporting town centres/rural areas given the emerging economic pressures, and (2) investment in digital connectivity to align with changing working practices.

The following issues were raised during the ensuing debate –

- Councillor Bobby Feeley paid tribute to the service provided by Working Denbighshire; the Chief Executive confirmed work was in progress to consider how the service could be delivered in future given the reliance on grant funding
- in response to issues raised by Councillor Meirick Davies, the Strategic Planning Team Manager agreed to look into the appropriate phrasing to describe empty dwellings and also to include an overall explanation within the project register where projects were at risk or experiencing obstacles; Councillor Bobby Feeley confirmed she was the Lead Member responsible for the project working towards becoming a Dementia Friendly Council (the Lead Officer was the Head of Community Support Services) and provided an update on progress
- Councillor Peter Scott welcomed the flood defence project for East Rhyl but highlighted the outstanding remedial work required relating to the River Elwy
- in response to questions from Councillor Gwyneth Kensler officers confirmed a draft climate change strategy was being developed which would include ways to reduce carbon emissions and it was acknowledged that consideration would need to be given as to how the council disposed of additional plastics used in response to Covid-19. Details of financial support by Welsh Government for additional costs incurred by schools as a result of the pandemic were provided.

RESOLVED that Cabinet confirms the content of the draft Annual Performance Review 2019 to 2020.

[At this point (11.30 am) the meeting adjourned for a ten minute refreshment break]

8 ANNUAL TREASURY MANAGEMENT REPORT 2019/20

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 2019/20.

In summarising the report Councillor Thompson-Hill highlighted the importance of treasury management and 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 and confirmed compliance with all prudential indicators set, guiding members through those indicators as detailed in Annex B confirming appropriate ratios of financing costs and borrowing levels within limits. It was noted that Corporate Governance and Audit Committee monitored the treasury management function and had accepted the report.

The Head of Finance explained the reasoning for the two new loans taken earlier in the year which had been largely due to cash flow issues in delivering Welsh Government schemes. In terms of assurance treasury management had been given a high assurance rating by Internal Audit. The council was in regular contact with its external treasury advisers and the policy of borrowing at the lowest interest rates possible was reiterated. The current level of borrowing as a proportion of the net revenue stream at 6.72% was considered affordable. In response to a question from Councillor Mark Young the Lead Member confirmed a new category had been introduced into the risk register covering the level of acceptable risk on various different issues which for treasury management would be minimal.

RESOLVED that Cabinet –

- (a) *note the performance of the Council's Treasury Management function during 2019/20 and its compliance with the required Prudential Indicators as reported in the Annual Treasury Management Report 2019/20 (Appendix 1 to the report), and*
- (b) *confirms it has read, understood and taken account of the Wellbeing Impact Assessment (Appendix 2 to the report) as part of its consideration.*

9 FINANCE REPORT

Councillor Julian Thompson-Hill presented the report detailing the latest financial position and progress against the agreed budget strategy as outlined below –

- the net revenue budget for 2020/21 was £208.302m (£198.538m in 2019/20)
- an overspend of £5.221m was forecast for service and corporate budgets (the overspend did not assume receipt of further 'income loss' grants or claims)
- highlighted current risks and assumptions relating to individual service areas together with the financial impact of coronavirus and Leisure ADM budgets
- detailed required savings and efficiencies of £4.448m agreed including corporate savings relating to triennial actuarial review of Clwyd Pension Fund (£2m); 1% schools savings (£0.692m); service savings (£1.756m)
- provided a general update on the Capital Plan, Housing Revenue Account and Housing Capital Plan.

Cabinet was also asked to agree the setting up of a small reserve to help pay for the investment in the Ruthin Gaol complex to improve the visitor experience.

Councillor Thompson-Hill elaborated upon the latest financial position in detail, particularly with regard to the financial impact of Covid-19, including grant funding secured to date and the position on claims for the council. A payment of £2.6m had been received to cover losses of income for common areas across authorities but it was unknown whether a further claim for a diverse range of losses would be paid in full as Welsh Government (WG) had emphasised the need for consistency across councils and to avoid subsidising local choice. WG had also announced a further £264m for local authorities to support them with the additional costs and loss of income as a result of the Covid-19 pandemic for the rest of the financial year and further details and guidance in that regard were expected in the coming weeks.

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

- gave an overview of funding streams available for Denbighshire Leisure Limited together with agreed arrangements to help with cash flow. The main funding source was WG's loss of income fund and the payment for Quarter 1 had been received. It was hoped that the claim for Quarter 2 would also be paid in full
- detailed the arrangements for payment of the £500 gifted to care workers by WG which was being administered by the council with good progress being made. Nearly all council staff had been paid and a third payment run for external providers was imminent following which most would have been paid.

Councillor Bobby Feeley paid tribute to Community Support Service and staff in delivering the scheme particularly given the lack of consultation beforehand

- clarified that agreement was sought to the principle of setting up a reserve to help pay for investment in the Ruthin Gaol complex and the intention was for the service to work to find savings to build up the reserve to £60k by 2025; it was understood that a different service was responsible for town centre recovery and consequently there was no cross over or counter commitment between those service budgets – the Leader asked for further clarification and for an email to be sent to Councillor Gwyneth Kensler in response to her query in that regard
- with regard to reimbursement of costs incurred for delivery of WG schemes, the view was that if it was a genuine increase in costs, unavoidable due to Covid-19, costs would be claimable but each case would be assessed on its own merits.

RESOLVED that Cabinet –

- (a) *note the budgets set for 2020/21 and progress against the agreed budget strategy, and*
- (b) *agree to the setting up of a small reserve to help pay for investment in the Ruthin Gaol complex to improve the visitor experience.*

10 CABINET FORWARD WORK PROGRAMME

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

- Proposed approach to tendering for phase 1 / enabling works contract for Colomendy Industrial Estate Expansion – October
- Asbestos Removal Contract (to obtain permission to tender) – October
- Asbestos Removal Contract (to award the contract) – December

RESOLVED that Cabinet's forward work programme be noted.

11 FORMER SAVOY HOTEL AND THE QUEEN'S MARKET, THEATRE AND HOTEL, RHYL

Councillor Hugh Evans presented the report updating members on the future development of the former Savoy Hotel and the Queen's Market, Theatre and Hotel, Rhyl along with the associated risks and additional funding required.

Some background information was provided regarding the acquisition of the site and plans for its redevelopment (over a number of phases/stages) which was considered critical to the regeneration and future economic success of the area. The focus was on delivery of phase 1 with additional phases subject to review in light of the financial and economic impact of Covid-19. An overview of the project elements relating to phase 1 demonstrating the benefits to the area was also provided. Cost estimates had increased significantly since the original estimate leaving a current shortfall of £4.3m and a full breakdown of costs had been detailed within the report together with the reasoning behind those cost increases which was further elaborated upon at the meeting. The detailed review of the current financial

position provided some assurance that the project could be delivered within the revised cost estimate. To keep the project on track and enable demolition of the site as a matter of urgency Cabinet approval was sought to allocate an additional £1.5m funding to the project. The risks associated with the project were highlighted, including the further £2.8m funding requirement for which it was hoped that Welsh Government would provide additional monies.

Councillor Bobby Feeley was concerned to note the current position and queried the possibility of taking on the role of development partner in-house, perhaps with Denbighshire Leisure Limited (DLL). During debate it was noted that the cost increases would have occurred regardless and that the current development partner had a proven track record and had worked successfully with the council on previous regeneration projects. Given the size of the project the council did not have the resources or expertise in-house to deliver it and an external partner was therefore considered the right approach to progress the development. It was also noted that there may be scope for DLL to be involved in future phases of the project subject to the relevant procurement rules and correct governance procedures.

The Lead Officer – Strategic Asset Management responded to questions as follows:

- none of the buildings on site were listed
- a building fronting onto Sussex Street (known as Queen's Chambers) within the town centre conservation area would be retained and refurbished as part of the overall scheme and all other buildings would be demolished
- considerable time had been taken to try and retain the buildings with a number of surveys carried out but unfortunately they were beyond economic repair
- work had been ongoing with the Historical Society and others with a view to saving anything of historical value or local interest at the site
- the basement and canal no longer existed and was thought to have been destroyed by the fire in 1912 which had burned down the building
- there had been no suggestion that there would be any merit in inserting a clause in the demolition contract regarding archaeology but there were processes in place if anything of archaeological value was found during the demolition
- apologised that the Welsh contained within the illustrations did not currently comply with the Welsh standards which would be rectified shortly
- future phases would need to be reviewed in light of Covid-19 and the potential siting of council services would need to be considered at that time.

Councillor Joan Butterfield spoke in favour of the recommendation and confirmed that Rhyl Member Area Group had scrutinised the programme in depth and, whilst appreciating the significant funding required and associated risks, were comfortable with the project going forward for the benefit Rhyl and Denbighshire. The Leader confirmed it was proper to have concerns and to understand the risk and that he had been comfortable with the answers given in response to the issues raised. Consequently he was comfortable with his recommendation to Cabinet.

RESOLVED that Cabinet approves to allocate £1.5m of funding to the project to enable the demolition and complete the planning process.

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 item of business on the grounds that it would involve the likely disclosure of exempt information as defined in Paragraph 14 and 16 of Part 4 of Schedule 12A of the Act.

12 MUTUAL INVESTMENT MODEL 21ST CENTURY SCHOOLS WELSH EDUCATION PARTNERSHIP - STRATEGIC PARTNERING AGREEMENT

Councillors Julian Thompson-Hill and Huw Hilditch-Roberts presented a joint confidential report seeking approval to enter into a Strategic Partnering Agreement with WEPCo Limited to facilitate the delivery of education and community facilities.

The Welsh Government had procured a private sector partner to work with it on the delivery of education and community facilities in Wales under the Mutual Investment Model (MIM) 21st Century Schools Programme. Details of the partnering agreement and the benefits to Denbighshire joining the agreement were explained and would facilitate the use of the MIM financing model if it was deemed appropriate for future Bands of 21st Century Schools investment. Cabinet was advised that approval of the report did not assume a position on the merits or not of the funding model and any future proposal to utilise that funding method would be subject to the council's appropriate decision making channels. In view of the need for the national agreement to be signed by 25 September it was recommended that the decision to award the contract be implemented immediately.

Officers responded to questions regarding the seat on the Strategic Partnering Board and clarified the provisions for urgent decisions as set out in the constitution.

RESOLVED that Cabinet –

- (a) *approves the execution, delivery and performance of the Strategic Partnering Agreement with the Welsh Education Partnership Co in September 2020 to facilitate the delivery of a range of infrastructure services and the delivery of education and community facilities;*
- (b) *approves the Strategic Partnering Agreement at Appendix A of the report and summarised in Appendix 1 of the report so as to give effect to recommendation 3.1 of the report [resolution (a) above];*
- (c) *notes that the Strategic Partnering Agreement shall be executed as a deed and attested in accordance with Section 12.5.2 of the Constitution;*
- (d) *approves the appointment of the Head of Finance and Property as 'Participant Representative' to sit on the Strategic Partnering Board (SPB);*
- (e) *notes that any decision to proceed with a MIM Project in future will be reported back to Cabinet in future report(s) for decision, and*

- (f) *agrees that the decisions above be implemented immediately in accordance with the Council's call in procedure rules and urgency contained in the constitution set out in paragraph 8.1 of the report.*

The meeting concluded at 13.15 hrs.