

## **CABINET**

Minutes of a meeting of the Cabinet held by video conference on Tuesday, 18 January 2022 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, Deputy Leader and Lead Member for Finance, Performance and Strategic Assets, and Mark Young, Lead Member for Planning, Public Protection and Safer Communities

**Observers:** Councillors Meirick Davies, Gwyneth Ellis, Alan James, Barry Mellor, Paul Penlington, Arwel Roberts, Rhys Thomas and Emrys Wynne

### **ALSO PRESENT**

Chief Executive (GB); Corporate Director: Communities (NS); Heads of Service: Finance and Property (SG) and Communications and Customers (LG); Legal Services Manager (LJ); Lead Officer Corporate Property and Housing Stock (DL); Property Operations Manager (MC); Contracts and Performance Manager (PB); Consultant Finance and Assets (DB); Lead Officer – Community Housing (GD) and Committee Administrators (KEJ & SLW [Webcaster])

### **MESSAGE OF CONDOLENCE**

The Leader referred to the sad news that former County Councillor Robert Lloyd Williams had recently passed away and offered his condolences. Mr Lloyd Williams had made a valuable contribution to Denbighshire over the years and had been very highly respected. Further tribute would be paid to Mr Lloyd Williams at County Council the following week.

#### **1 APOLOGIES**

There were no apologies.

#### **2 DECLARATION OF INTERESTS**

Councillors Bobby Feeley and Huw Hilditch-Roberts declared a personal interest in agenda item 6 – Extension of Leisure Services Contract because they were directors of Denbighshire Leisure Limited.

Councillor Tony Thomas declared a personal interest in agenda item 7 – Evaluation of the Options for a new Service Delivery Model for the Revenues and Benefits Service because he was Chair of the Rhyl Business Improvement District (a customer of Civica).

Councillor Meirick Davies declared a personal interest in agenda item 8 – Housing Rent Setting and Housing Revenue and Capital Budgets 2022/23 because he rented a council garage.

### **3 URGENT MATTERS**

No urgent matters had been raised.

### **4 MINUTES**

The minutes of the Cabinet meeting held on 14 December 2021 were submitted.

***RESOLVED** that the minutes of the meeting held on 14 December 2021 be received and confirmed as a correct record.*

### **5 AWARD OF HOUSING MAINTENANCE MATERIALS SUPPLY CONTRACT VIA THE ADRA ALL WALES FRAMEWORK**

Councillor Tony Thomas presented the report seeking Cabinet approval to award the next contract for the supply of building materials to the Housing Maintenance Department to Travis Perkins via the Adra All Wales Materials Framework.

Cabinet was advised of previous contract awards following a tendering process and the proposal to utilise the new all Wales single-supplier framework established by Adra Housing Association for the next materials supply contract following expiry of the existing contract in early 2022. Details of the framework and its merits had been set out in the report and included the provision of high-quality services, added value options, renewable technologies and carbon conscious materials together with cost savings and community benefits. Officers further elaborated upon those merits at the meeting and also provided practical examples of operational benefits with the ready supply of materials via remote stores.

During debate Councillor Richard Mainon referred to the 1.5% accrual of community benefits (circa £5 – 6k pa) and suggested that income be allocated to the Chair of the Council's discretionary fund in order to maximise its use for good causes and make it easier to administer. It was agreed that the suggestion be taken forward for future consideration at the appropriate stage in the process. There was also some discussion on the volatility of the cost of materials and it was hoped prices would stabilise and reduce, and the economies of scale offered by the new framework would help to mitigate concerns regarding high material prices and stock availability. Assurances were provided that local procurement was supported where possible under the new framework and where required operatives would use local suppliers when convenient and operationally beneficial.

***RESOLVED** that Cabinet –*

- (a) approve entering into a building materials supply contract with Travis Perkins via the Adra All Wales Materials Framework for a period of four years, and*

(b) *confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 1 to the report) as part of its consideration.*

## **6 EXTENSION OF LEISURE SERVICES CONTRACT**

Councillor Julian Thompson-Hill presented the report seeking Cabinet agreement to extend the term of the leisure services contract made between the Council and Denbighshire Leisure Limited (DLL) by one year.

Some context regarding the establishment of DLL was provided together with contract provisions and reasoning behind the recommended contract extension. The contract had commenced on 1 April 2020 for a ten year term expiring on 31 March 2030. DLL had asked the Strategic Governance Board (SGB) to consider recommending a twelve month extension to the contract given that it had, in effect, lost a year of operation due to Covid-19 which had severely disrupted DLL's ability to perform the services it had been contracted to provide and had an impact upon DLL in relation to obtaining grants and future new business, leaving them at a disadvantage when competing for business. The SGB had considered the request for a twelve month extension and recommended to Cabinet that it be granted. It was noted that if the extension was granted the Council had the ability, if it chose to do so, to grant one further extension of the contract for a period of up to 12 months.

Councillor Meirick Davies queried the financial impact of flood damage to the Rhyl Pavilion Theatre and 1891 Restaurant/Bar and it was agreed that Councillor Bobby Feeley provide a response to Councillor Davies directly outside of the meeting.

**RESOLVED** *that Cabinet agrees to grant an extension for a period of twelve months to the term of the leisure services contract made between Denbighshire County Council and Denbighshire Leisure Limited on 1 April 2020 in accordance with clause 2.2 of the contract.*

## **7 EVALUATION OF THE OPTIONS FOR A NEW SERVICE DELIVERY MODEL FOR THE REVENUES AND BENEFITS SERVICE**

Councillor Julian Thompson-Hill presented the report on the options for a new service delivery model for the Revenues and Benefits Service and sought Cabinet endorsement of the recommendation to transition the service back to the Council.

Since 2014 Civica had operated the contract to deliver the Council's Revenues and Benefits Service through a partnership style agreement which had worked extremely effectively. However, for commercial reasons Civica wished to refocus their strategic direction and end all partnership arrangements with local authorities at the earliest opportunity. An options appraisal had been carried out on the way forward with five options evaluated in terms of delivery cost and quality of service. Councillor Thompson-Hill guided members through the evaluation of options and reasoning behind the recommendation that the service be transitioned back to the Council. If Cabinet approved the recommendation negotiations would commence with Civica and a negotiated position brought back before Cabinet. Officers added that the partnership had worked well but Civica's decision provided an opportunity to deliver an efficient service and generate savings with no adverse impacts.

Cabinet discussed the report with the Lead Member and officers and reflected on the original decision to outsource the service and raised questions regarding the merits of that decision and change of approach to bring the service back in-house. It was explained that the partnership had been very successful for both parties but Civica had taken a strategic decision to focus on the software element of the business going forward which had no reflection on the Council or other partners. The contract had generated savings and had worked well for residents and staff, with Civica investing in software systems and redesigning processes resulting in an improved, streamlined service, and its effectiveness had been well demonstrated during administration of the business support grants during the coronavirus pandemic. Given the change in circumstances and subsequent options appraisal it was recommended that the service be brought back in-house which would also result in an estimated cost saving of £341,000 in year 1. In response to further questions Cabinet was advised that formal negotiations with Civica could not commence until a formal decision was made through Cabinet; there was confidence that a transition back in-house would receive a positive response from staff, and in terms of other customers, any contractual obligations would automatically transfer across with the service.

The Leader felt the right decision had been made to award Civica the contract in 2014 which had resulted in service improvements and benefits to customers. He commended the clear evaluation of options set out and clear reasoning behind the recommendation to best respond to the change in circumstances which provided an opportunity to retain a quality service whilst also generating cost savings.

Questions/comments were invited from non-Cabinet members and there was broad support for the recommendation. The Lead Member and officers responded that –

- existing staff working under the contract would TUPE back to the authority
- Civica had been subject to the Council's Welsh Language policy and bringing the service back in house would further strengthen that provision
- the contract made a saving of £200k pa in the first year and a further £100k in year 2/3 resulting in an overall saving of £300k – further savings would also be made at the end of the contract by transitioning the service back in-house
- the service's transition to Civica had been subject to rigorous scrutiny and any request to scrutinise the options appraisal and clear recommendation could be accommodated; members had been notified of the service position at the outset
- the service base in Russell House would continue in the short/medium term but its future would be considered as part of the new ways of working programme
- the timeline for bringing the service back in-house was approximately eighteen months; no extra cost to the Council was expected from early termination of the contract given Civica's decision to withdraw from the partnership agreement.

**RESOLVED** that, having reviewed and considered the options outlined and evaluated in the report in relation to a new services delivery model for the revenues and benefits services, Cabinet endorse the recommendations made by the project team allowing DCC officers to have the authorisation to start negotiations and engagement with Civica and other parties, in order to progress the recommendation of bringing the revenues and benefits service back into the Council in an effective

*transformation with no adverse impact on service delivery and in an acceptable timeframe.*

## **8 HOUSING RENT SETTING & HOUSING REVENUE AND CAPITAL BUDGETS 2022/23**

Councillor Julian Thompson-Hill presented the report seeking Cabinet approval for the Denbighshire Housing annual rent increase, the Housing Revenue Account Capital and Revenue Budgets for 2022/23 and Housing Stock Business Plan.

Councillor Thompson-Hill guided members through the report elaborating upon the budget figures and income level assumptions calculated to enable delivery of revenue services, the capital investment programme to maintain housing quality standards and to develop the new build programme. The annual review of the Housing Stock Business Plan showed it remained robust and financially viable and there were sufficient resources to support the housing service and the investment needs of the stock. In terms of the annual rent increase the Welsh Government announced a five year rent policy in December 2019 for social housing rents and the setting of rents had been calculated taking that policy into account and the mechanism for uplifting rents. The uplift for 2022/23 was 3.1% CPI only resulting in an average weekly rent of £97.27 (average weekly rent increase £2.92). As part of the rent setting process consideration had been given to affordability for tenants, value for money and an assessment of cost efficiencies which had been set out in the report. Whilst 2021 had been a difficult year for household finances and would continue in 2022 the affordability of weekly rents was considered reasonable.

The Lead Officer – Community Housing added that the increase would result in £500k extra funding in the business plan every year and he provided an overview of spend, advising that the efficient use of funds had been recognised by council tenants in the tenant survey with 85% stating they had value for money from their rent. The impact on household finances had been recognised and a supportive approach was taken with the service providing budgetary advice and support. At the request of Councillor Tony Thomas, the Lead Officer reported on the rental income software introduced to predict rent arrears which had been successful in mitigating/reducing arrears, allowing staff more time to support tenants.

Cabinet recognised the need to balance the level of rent increase to meet future investment needs of housing stock against affordability for tenants.

Officers responded to members' questions as follows –

- balances had been carried forward with some capital spend delayed due to the pandemic – it was council policy to retain a minimum balance of £1m
- 72% of tenant households received financial support for housing costs and for those households the increase would be covered by that benefit
- elaborated upon the affordability measures providing examples of different households to illustrate the complexities of those assessments
- the Council's rent level was generally slightly below other local authorities and housing associations with an equivalent or better service provided

- the need for investment in housing stock was vital to meet quality standards and decarbonisation targets, and build new homes to meet housing need
- the rent increase was in line with Welsh Government policy and CPI had since increased to 5.1% which would impact on financing future housing works
- freezing rent levels would result in a recurring £500k loss and a detrimental impact on future investment in housing stock which could not be recouped in future years
- the rent increase could not be mitigated from reserves given a regular payment would be required every year and a minimal reserve balance of £1m retained
- it was important to make incremental changes each year in order to keep up with cost increases and provide a basis for investment in future years
- investment had been made in supporting tenants to maximise income/resilience and specialist support provided by Citizens Advice and Working Denbighshire
- levels of rent arrears were closely monitored with 3.2% of money owed in Denbighshire compared to the Welsh average of 4.2% across local authorities
- highlighted the impact of capital receipts on the Housing Revenue Account and the complexities of the budget and borrowing fluctuations
- following the ITV report on poor housing conditions (predominantly in England) assurances were provided regarding quality standards in Denbighshire
- 50% of housing met the Council's target of minimum energy performance rating EPC C and 90% met the current Welsh Government's (WG) target of minimum EPC D; funding support from WG would be required to meet future targets.

**RESOLVED** that –

- (a) *the Housing Revenue Account Budget for 2022/23 (Appendix 1 to the report) and the Housing Stock Business Plan (Appendix 2 to the report) be adopted;*
- (b) *rents for Council dwellings be increased in accordance with the Welsh Government Policy for Social Housing Rents to an average weekly rent of £97.27 with effect from Monday 4 April 2022;*
- (c) *the additional report (Appendix 3 to the report) on Cost Efficiencies, Affordability and Value for Money be noted, and*
- (d) *Cabinet confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 4 to the report) as part of its consideration.*

At this point (11.45 am) the meeting adjourned for a short break.

## **9 BUDGET 2022/23 - FINAL PROPOSALS**

Councillor Julian Thompson-Hill presented the report setting out the implications of the draft Local Government Settlement 2022/23 and proposals to finalise the budget for 2022/23, including the level of Council Tax.

Councillor Thompson-Hill provided an overview of the budget process and latest budget position and elaborated on the proposals for consideration and

recommendation to full Council in order to set the budget for 2022/23. The draft settlement had resulted in a positive settlement of 9.2% (compared to the Welsh average of 9.4%) with a final settlement expected on 1 March 2022. Within that figure Welsh Government had advised of some new responsibilities, not all of which had clear funding consequentials in the data, which had been set out in the report. Pressures amounting to £17.628m had been detailed and the +9.2% settlement generated £15.005m leaving a funding gap of £2.623m with proposals to bridge that gap identified in the report and further explained at the meeting. A Council Tax rise of 2.95% had been proposed to generate £1.869m additional revenue. Due to the lateness of the final settlement it was recommended that authority be delegated to enable cash adjustments included in the budget proposals of up to £500k. It was noted that the draft settlement had also included indicative average settlement increases of 3.5% for 2023/24 and 2.4% for 2024/45. Finally reference was made to the extensive consultation on the budget process and involvement of all political groups in that regard including the submission of pressures/savings put forward.

The Head of Finance added that, whilst it was an unusually high settlement, it had included extra responsibilities and he reported on the funding assessments of those new elements and work with the Welsh Local Government Association and S.151 Officers in that regard and subsequent funding assumptions. In terms of Council Tax increases current indications across Wales ranged from 2.95% – 4.95%.

Cabinet discussed the budget proposals and debate focused on the following –

- at the request of Councillor Brian Jones for the benefit of residents, the Lead Member detailed the consultation carried out on the budget process and explained the acronyms used, demonstrating the involvement of all senior officers and elected members in that process together with schools and trade unions. All elected members had been given the opportunity to input into the process and additional meetings with Political Group Leaders seeking the submission of pressures/savings had also been carried out. Pressures/savings put forward by the political groups had been addressed at the council budget workshop in December to which all elected members had been invited
- Councillor Bobby Feeley was pleased to note that both the Council's social care and the private sector social care sector would be paid the Real Living Wage which she felt was an important first step. However, despite the increase there was still some way to go to ensure social care workers were paid a decent and deserving wage for the work undertaken and there was an acute recruitment crisis in social care services which put additional pressure on existing staff
- in response to a question from Councillor Mark Young regarding implementation of the Real Living Wage payments to social care staff, the Corporate Director: Communities acknowledged the complexities involved in that work and advised that meetings would commence shortly with colleagues and partners to determine how best to progress that work going forward. Assurances were provided that the Council had been involved from the outset and was well placed to progress that work, particularly given that Denbighshire hosted the Regional Collaborative Team and work on the national workforce programme was led by the Social Services Director at Conwy County Borough Council.

The Leader thanked the Lead Member and Head of Finance for the informative and clear report. He also welcomed the inclusion of an indicative settlement for 2023/24 and 2024/25 which would aid future budget planning. However, it was clear that there would be pressure on future budgets in light of the indicative settlements and he believed that raising the Council Tax level as proposed at this stage would provide a stronger base for future budget setting going forward.

The Lead Member and Head of Finance responded to further questions from non-Cabinet members as follows –

- the difference in Council Tax raised by increasing the proposal from 2.95% to 3.00% would be £29k per annum, 72p per week on a Band D property
- the terminology ‘Fire Service Charge’ was correct as legally it was a levy; the Fire Service set its budget and local authorities had to pay their element of that
- there was a mixed picture in terms of future grants and some uncertainties in that regard, particularly in terms of education and capital grants, but the situation would become clearer leading up to the new financial year and new Council
- the issue of future savings had been considered during the last round of service challenge meetings in order to identify large projects to generate savings; the potential disposal of assets would form part of the new ways of working programme and market conditions would also need to be taken into account
- examples were provided as to how the amount to be spend on new responsibilities could be calculated with at least £5.5m to be allocated to those elements from the 9.2% positive settlement
- the reasoning behind the absence of future years figures in the proposed budget relating to waste services was explained with the inclusion of the previous year’s figures as a specific strategic pressure which had since been addressed; future years figures would be updated taking into account the indicative settlement over the coming months and taken through the usual democratic processes.

**RESOLVED** that Cabinet –

- notes the impact of the Draft Local Government Settlement 2022/23;*
- supports the proposals outlined in Appendix 1 to the report, and detailed in Section 4 of the report, and recommends them to the full Council in order to finalise the budget for 2022/23;*
- recommends to Council the average Council Tax rise of 2.95% proposed;*
- recommends to Council that authority is delegated to the Head of Finance and Property in consultation with the Lead Member for Finance to adjust the use of cash included in the budget proposals by up to £500k if there is movement between the draft and final settlement figures in order to allow the setting of Council Tax in a timely manner, and*
- confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 4 to the 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 2021/22 was £216.818m (£208.302m in 2020/21)
- an overspend of £1.641m was forecast for service and corporate budgets
- detailed agreed savings and efficiencies worth £2.666m relating to fees and charges, operational efficiencies, changes in service provision and schools
- highlighted current risks and assumptions relating to individual service areas, corporate budgets and schools together with the impact of coronavirus and position on funding claims to the Welsh Government, and
- a general update on the Housing Revenue Account and Housing Capital Plan, Treasury Management and Capital Plan with an update on major projects.

Councillor Brian Jones highlighted the success of Parc Adfer which was part of the North Wales Residual Waste Treatment Project located at Deeside which processed residual waste as an alternative to landfill. The increased use of the facility was a positive response to the climate change agenda. Councillor Thompson-Hill confirmed that the in-year pressure related to the gate fees charged to service users but the cost would be reimbursed in the next financial year. Further work would be carried out to identify funding to cover the pressure but if insufficient funding was available it would be put forward as a service pressure for the next financial year.

***RESOLVED*** that Cabinet note the budgets set for 2021/22 and progress against the agreed budget strategy.

## **11 CABINET FORWARD WORK PROGRAMME**

The Cabinet forward work programme was presented for consideration.

Members noted that the ‘Contract Award approval for new Waste Fleet to support new Waste Service Model’ item had been rescheduled from February to March, and that the Cabinet meeting had been brought forward from 22 March to 15 March. It was also noted that the North Wales Population Needs Assessment had been scheduled for consideration at full Council.

The Chief Executive thanked officers for the detailed reports and answering questions and also members for their attendance and level of challenge and questioning. The Leader supported those sentiments and echoed them.

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

The meeting concluded at 1.00 hrs.