

CABINET

Minutes of a meeting of the Cabinet held in the Council Chamber, County Hall, Ruthin and by video conference on Tuesday, 23 January 2024 at 10.00 am.

PRESENT

Councillors Jason McLellan, Leader and Lead Member for Economic Growth and Tackling Deprivation; Gill German, Deputy Leader and Lead Member for Education, Children and Families; Gwyneth Ellis, Lead Member for Finance, Performance and Strategic Assets; Elen Heaton, Lead Member for Health and Social Care; Julie Matthews, Lead Member for Corporate Strategy, Policy and Equalities; Barry Mellor, Lead Member for the Environment and Transport; Win Mullen-James, Lead Member for Local Development and Planning, Rhys Thomas, Lead Member for Housing and Communities, and Emrys Wynne, Lead Member for Welsh Language, Culture and Heritage

Observers: Councillors Michelle Blakeley-Walker, Joan Butterfield, Ellie Chard, Ann Davies, Bobby Feeley, Karen Edwards, Pauline Edwards, James Elson, Huw Hilditch-Roberts, Hugh Irving, Alan James, Brian Jones, James May, Terry Mendies, Gareth Sandilands, Andrea Tomlin, Cheryl Williams, David Williams, and Huw Williams

ALSO PRESENT

Chief Executive (GB); Corporate Directors: Social Services and Education (NS), Governance and Business/Monitoring Officer (GW), and Environment and Economy TW; Heads of Service: Finance and Audit (LT), Housing and Communities Service (LG), Corporate Support Service: Performance, Digital and Assets (HVE); Principal Revenues, Benefits and Contract Manager (PB); Service Delivery Manager: Revenues and Benefits (LG); Principal Chartered Valuation and Estates Surveyor (MJ); Valuation and Estates Manager (RE) and Committee Administrators (KEJ & SLW [Webcaster])

1 APOLOGIES

Councillor Win Mullen-James would be arriving late due to a prior engagement.

2 DECLARATION OF INTERESTS

No declaration of interest had been raised.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Cabinet meeting held on 19 December 2023 were submitted.

RESOLVED that the minutes of the meeting held on 19 December 2023 be received and confirmed as a correct record.

5 OUTCOME OF COMMUNITIES SCRUTINY COMMITTEE'S REVIEW OF CABINET'S DECISION RELATING TO THE LIBRARY/ONE STOP SHOP SAVINGS PROPOSAL

Councillor Huw Williams, Chair of Communities Scrutiny Committee presented the report on the findings and recommendations of the Scrutiny Committee held on 11 January 2024 following consideration of the call-in of the Cabinet decision taken on 19 December 2023 relating to the Library/One Stop Shop Savings Proposal.

The report referenced the lengthy debate at the Scrutiny Committee meeting based on the grounds of the call-in, and highlighted the Committee's particular concerns over the reduction in opening hours and the impact that would have on the –

- availability and accessibility of library and one stop shop services to residents, especially the most vulnerable and digitally excluded
- availability of 'warm spaces' for those worse hit by the cost-of-living crisis, people who were lonely, and those living with health issues and their carers
- availability of facilities for children and young people to use for study or research work, or as safe havens away from chaotic personal or family situations
- availability of libraries for use by community groups and voluntary organisations for them to deliver much needed support and advice services to residents.

The Committee was also concerned about potential unintended negative effects on other already stretched council services, the adverse effect on staff morale and impact the potential loss of experienced staff would have on the service's future capacity to deliver quality services. Members felt not enough investigations had been made with outside bodies or external organisations to secure other funding or resources to help maintain current service levels prior to a decision being made. Consequently, Cabinet was asked to reconsider its original decision taking into account the Scrutiny Committee's conclusions and recommendations that Cabinet –

- (i) acknowledges Communities Scrutiny Committee's observations, conclusions and recommendations following its review of the Cabinet decision relating to the 'Library/One Stop Shop Savings Proposal', and
- (ii) agrees to the Committee's recommendation to postpone the implementation of the decision until further exploratory work is done to identify alternative funding sources available to the Council or other partner bodies whether in the private or public sector.

The Leader thanked Councillor Williams for reporting on the scrutiny debate and recommendations. Cabinet also thanked the Scrutiny Committee for their work.

Councillor Emrys Wynne sympathised with the concerns raised regarding the potential impact a reduction in hours would have as set out in the report. However, his view remained that the reasons for the call-in, and those concerns, had been thoroughly debated by Cabinet on 19 December and Cabinet had been fully aware of all those issues and risks when the decision was made. The decision was necessary to respond to the severe financial challenge and set a balanced budget. Cabinet had listened and responded to public consultation feedback with changes resulting in circa 30 additional opening hours compared to the original proposal and

opening on specific days. He did not support the Scrutiny Committee's recommendation to postpone implementation of the decision until further work was done to identify alternative funding sources. He had already committed to working with members, officers, and City/Town/Community Councils to consider alternative models of delivering library services with a view to future proofing and growing that provision, mitigating the cuts, and seeking other sources of income, and there was an immediate need to set a balanced budget for the next financial year. No one wanted to cut library services, but the decision represented the best possible outcome for libraries given the current financial position and meant no library would have to close and all current services would continue, albeit on reduced hours.

Councillor Gwyneth Ellis also recognised the thorough scrutiny and was pleased that the recommendation had not been to reverse the decision but to postpone it pending further research into alternative funding sources. Unfortunately, the recommendation was too open-ended, and a commitment had already been made to look into alternative methods of funding and delivering the library service. Given the timescale for budget cuts/savings to be made it was vital that Cabinet confirmed its decision in order to set a balanced budget. The Head of Finance also set out the risks associated with delaying the decision and delivering a balanced budget. Councillor Barry Mellor referred to local authorities in England who had effectively declared themselves bankrupt with many Welsh local authorities close to that position and difficult decisions needed to be made to avoid that outcome.

Councillor Huw Williams thanked Cabinet for the responses. He highlighted the unprecedented response to the consultation and strength of feeling and passionate speakers during the scrutiny debate and Cabinet. The Committee's view had been that more should have been done before the decision was taken on investigating other potential funding streams. However, he did not want to reopen the debate.

Having considered the report and recommendations from the Scrutiny Committee, Cabinet noted that all the issues raised had been taken into account when making the decision at their meeting on 19 December, and commitments had been made to work with stakeholders and external organisations on alternative models of delivering library services and seeking other sources of income. Cabinet sought assurances that work would be undertaken as a matter of urgency. The Chief Executive gave a commitment to work with partners and other organisations with a view to finding alternative ways of supporting libraries and explained that confirming the decision in terms of the budget would allow for clarity and certainty around those discussions. Cabinet re-emphasised the dire financial situation for local government finances and given the scale of budget savings Denbighshire required for next financial year and future years all council services would be facing cuts and a decision on the library savings was being made in that context. The library/one stop shop savings had been debated at length and the decision had been made with a view to safeguarding all libraries in the county so none would have to close.

The Corporate Director: Governance and Business/Monitoring Officer set out the process of the call-in, parameters of the Cabinet debate, and options available to Cabinet in terms of decision making. Councillor Gwyneth Ellis proposed, seconded by Councillor Elen Heaton, that Cabinet agree report recommendation 3.1, and

disagree with report recommendation 3.2 and confirm its original decision, but undertake to do exploratory work to find alternative sources of funding.

Councillor Hugh Irving (signatory to the call-in request) sought to address the Cabinet on the reasoning behind the call-in and challenge of the decision. The Leader confirmed Cabinet was fully aware of the reasons and challenge which had been clearly set out in the report and Cabinet had responded to the issues raised. The matter had been through the proper democratic processes, and given the parameters of the Cabinet debate, it would not be appropriate to re-run or re-open the scrutiny debate. The Monitoring Officer referred to the constitution and confirmed that this was correct. Consequently, the Leader looked to the proposition by Councillor Gwyneth Ellis, seconded by Councillor Elen Heaton, which was restated for clarity. Upon being put to the vote it was –

RESOLVED that –

- (a) *Cabinet acknowledges Communities Scrutiny Committee's observations, conclusions and recommendations following its review of the Cabinet decision relating to the 'Library/One Stop Shop Savings Proposal', and*
- (b) *Cabinet does not accept the Scrutiny Committee's report recommendation 3.2, confirms its original decision made on 19 December 2023, and undertakes to do further work to identify alternative sources of funding.*

6 COUNCIL BUDGET 2024/25

Councillor Gwyneth Ellis presented the report setting out the implications of Welsh Government's Provisional Funding Settlement for Local Government 2024/25 and proposals to set a balanced budget for 2024/25, including the level of Council Tax.

The unprecedented financial challenges facing the council, along with all other local authorities, meant a different process to budget setting was required and it had been an extremely difficult and uncomfortable process. Councillor Ellis thanked all involved in that process which had resulted in the submission of a balanced budget.

Councillor Ellis and the Head of Finance and Audit provided an overview of the budget process and latest financial position and elaborated on the proposals for consideration and recommendation to full Council in order to set the budget for 2024/25. In brief, the provisional settlement had resulted in a cash increase of 3.6% (£6.720m) and following a council tax base adjustment was higher than the cash comparison at 3.7% (compared to the Welsh average of 3.1%) with a final settlement expected in early March. The settlement included all pay increases for teaching and non-teaching posts and responsibility to pay care workers the Real Living Wage. Pressures amounting to £24.682m had been detailed and the provisional settlement generated £6.720m leaving a funding gap of £17.962m with proposals to bridge that gap identified in the report and further explained at the meeting. A Council Tax rise of 8.23% plus an additional 1.11% (change to the indicative figure of 1.3% in the report) for the increase in the levy to North Wales Fire and Rescue Authority equating to an overall uplift of 9.34% was proposed to generate £7.580m additional revenue. The proposed use of earmarked reserves

was also highlighted to assist the budget setting. The risks of not achieving a balanced budget had also been set out together with mitigation measures and further work required going forward. The medium-term financial outlook looked equally as challenging. Due to the lateness of the final settlement, it was recommended that authority be delegated to enable cash adjustments in the budget proposals of up to £500k. It was important to note that if proposals in the report were not accepted, alternative proposals must be submitted so that the Council's statutory responsibility to set a balanced budget could be met.

During debate Cabinet condemned the financial situation facing local government which meant severe cuts had to be made to vital services in order to set a balanced budget and called for improved and sustainable funding to deliver those services. It was noted that recent calls had been made by MPs across the political spectrum for the UK Government to provide additional funding for local government. Given the current financial context, Cabinet believed the budget proposals represented the best outcome to ensure social care services and school learners were protected as far as possible and to safeguard the most vulnerable in society.

Cabinet welcomed the higher than expected settlement from Welsh Government but noted it had been based on data which would result in higher demand for services and did not materially change the budgetary position given that service delivery in 2024/25 would cost an additional £24.682m compared to 2023/24, mainly due to inflationary pressures and major increase in demand from client services. The risk that the demand for complex services would continue to increase with more demand for care services and more people facing homelessness was recognised. Tribute was paid to the hard work in making savings to date, despite which, Heads of Service had been issued with a further savings target of £3m to make up the shortfall with proposals to members in March before the start of the financial year; it was noted that initiatives to assist included the voluntary exit scheme and ongoing review of fees and charges. Schools had the largest budget which had been protected in recent years and whilst it could not be protected in its entirety due to the scale of the financial challenge there was an increase of 5.83% overall with schools making a 3% saving. The need to protect unearmarked reserves given the increased level of risk in the budget for 2024/25 and future years was accepted together with proposals for the use of earmarked reserves to assist with the budget setting. Cabinet was aware that the Council Tax increase would be difficult for residents but recognised that the Council Tax Reduction Scheme would safeguard the most vulnerable. The recent changes to the North Wales Fire and Rescue Authority Levy and impact on Council Tax was noted.

Cabinet discussed further elements of the budget as follows –

- Councillor Gill German highlighted the better settlement due to increases in population and free school meals data and the impact on Education and Children's Services which had been recognised in the budget; she had been pleased with the invest to save project in the fostering service to reduce the reliance on external agencies, increase in-house foster carers and work to transform and improve services. The Head of Finance set out the schools' position with increases funded in the schools' budget totalling £7.6m and a 3% efficiency which equated to a reduction of £2.7m which left a net increase of

£5.6m; this represented a 5.8% overall increase in schools' budget. Councillor German felt it was right for the council to absorb many of the schools' pressures and would continue to maximise the benefits to schools through grant allocation

- the Head of Finance and Audit responded to questions regarding the strategy for the use of reserves which included use of the budget mitigation reserve to fund the forecasted overspend of £3.2m in the current financial year which would leave a balance of £1.5m and reassignment of the Pensions Reserve (set aside to fund potential increases in pension contributions) to fund the pay costs in 2024/25 over and above the pressure in the Medium Term Financial Plan and exit costs associated with the Voluntary Exit Scheme which would leave little left in the reserve, and to transfer the balance of the Modified Loan reserve to the budget mitigation reserve which would provide some protection against demand exceeding pressures; there was also a need for an invest to save reserve to move to transformation and pump prime projects. It was recommended earmarked reserves be retained given the current level of risk
- Councillor Elen Heaton highlighted the impact of social care on budgets across Wales, with 50% of in-year pressures attributed to social care reflecting the scale of the pressure, and the complexity of need and future demand increasing whilst resources were diminishing. In response there was a focus on early intervention/prevention services going forward and there was a need to invest in those areas and continue to explore innovative and transformational solutions
- Councillor Julie Mathews drew attention to the Community Impact Assessment which focused on a high-level aggregation of the combined budget reduction measures which would be a live document and assurances were given that the impact and effect of the budget cuts on citizens would be closely monitored by Cabinet and the Corporate Executive Team going forward and potential future collaborative working with other organisations to deliver for the most vulnerable.

At this point the Leader opened up the debate to non-Cabinet members.

Councillor Bobby Feeley voiced her opposition to the library/one stop shop savings. She referred to Denbighshire's last two funding settlements together with Levelling Up Funding for the Vale of Clwyd and Clwyd West and felt the Cabinet had failed to plan ahead and had failed the residents of Denbighshire. She also felt the increase in Council Tax was unacceptable and was unable to support the budget. Councillor Huw Hilditch-Roberts raised questions around schools' budgets and impact on learners; the need to look at innovative solutions and transformational change before cutting services, and concerns over the £3m unidentified savings and potential call on reserves. Councillor David Williams felt that proposals for a new National Park in North East Wales should be shelved given the high cost involved.

The Lead Cabinet Members and relevant officers responded to the issues raised, and subsequent follow up questions and comments, as follows –

- the settlements from Welsh Government had represented a real terms cut when taking into account inflation and cost pressures; local government finances were facing severe cuts and there were calls on the UK Government for a rethink
- Levelling Up Funding for specific capital projects was completely separate funding to the Revenue Support Grant which funded council services

- the high increase in Council Tax reflected the unprecedented financial pressures facing the authority and need to deliver a balanced budget and the Council Tax Reduction Scheme provided some protection for the most vulnerable
- the council had been able to set a lower Council Tax rise in 2023/24 in a cost of living crisis for the benefit of residents
- no one wanted to raise the level of Council Tax and cut services, but it was a necessity in order to deliver a balanced budget or effectively become bankrupt
- it would not be possible to wait for the £3m savings from Heads of Service to be identified before setting the budget due to the timescales involved but they would include savings from the Voluntary Exit Scheme
- the cost pressure for teachers' pensions had been included for schools but it was hoped government funding would cover that cost, and pay pressures for non-schools assumed a 5% pay award which may be higher than the pay award
- whilst there was a risk unearmarked reserves would be needed the intention was to retain that reserve and deal with the pressures as set out in the report
- to protect the most vulnerable and address demand increases the budget proposed an additional: £7.969m for Adult Social Care and Homelessness, £2m for Education and Children's Services, and £5.6m overall for Schools – other services were having to find savings and experience cuts to fund those; investment in other areas included Foster Care Services and LIFT – Local Integrated Families Team in Children's Services
- it was accepted that funding for pay awards across all council services had been recognised and not just for schools for teaching and non-teaching pay awards. However, the council was absorbing schools' inflationary pressures for pay, utilities, NDR and service level agreements so that they were not being passed onto schools which was a big undertaking and not the case in all authorities
- the National Park proposal was not a consideration for the current budget. Natural Resources Wales would be providing an update at Council Workshop on 9 April, and members would have opportunity to debate the issue at that time.

Councillor Gwyneth Ellis proposed the report recommendations, with an amendment to recommendation 3.3 to reflect the revised North Wales Fire and Rescue Authority Levy of 1.11% which equated to an overall Council Tax uplift of 9.34%, seconded by Councillor Barry Mellor.

RESOLVED that Cabinet –

- (a) notes the impact of the Provisional Settlement 2024/25;*
- (b) 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 set the budget for 2024/25;*
- (c) recommends to Council the average Council Tax rise of 8.23% for council services plus an additional 1.11% for the increase in the levy to the North Wales Fire and Rescue Authority; this equates to an overall uplift of 9.34% proposed;*
- (d) recommends to Council that authority is delegated to the Head of Finance and Audit in consultation with the Lead Member for Finance, to adjust the*

use of cash reserves 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;

- (e) supports the strategy for use of reserves as set out in paragraph 4.5 of the report and recommends to the full Council, and*
- (f) confirms that it has read, understood and taken account of the Well-being Impact Assessment as set out in Section 7 of the report.*

At this point (11.50 am) the meeting adjourned for a refreshment break.

7 WELSH GOVERNMENT CONSULTATION ON "FAIRER COUNCIL TAX"

Councillor Gwyneth Ellis presented the report seeking Cabinet approval of the proposed consultation response to Welsh Government on "Fairer Council Tax".

Welsh Government (WG) had commenced a consultation on proposed changes to the Council Tax system which aimed to make the distribution of taxes more equitable by reducing Council Tax for those in the lower bands who may struggle to contribute while increasing it for those in higher bands. Views were sought on three options: (1) Minimal Reform; (2) Modest Reform, and (3) Expanded Reform together with implementation timescales.

The Principal Revenues, Benefits and Contract Manager guided Cabinet through the report detail on the consultation together with the reasoning behind the proposed response and the risk, issues and benefits to the Council and its residents. Having provided an overview of the three options it was recommended that Cabinet support the Expanded Reform, as it was deemed the fairest form of taxation option within the consultation for residents. The potential risk to the council through increased reliance on Revenue Support Grant (RSG) funding had been highlighted in the proposed response with a request for WG to provide further assurances on corresponding impacts of RSG. To ensure that any impacts were fully understood and implemented at a pace that could be managed by the council it was proposed that the incremental approach be supported. It was also recommended that Cabinet's decision on the proposed response to the consultation be implemented immediately to ensure submission of the response by the deadline.

Cabinet welcomed the proposed changes to the Council Tax system to make the tax fairer and more progressive and supported the report recommendations and Expanded Reform option which would best benefit Denbighshire residents. However, the potential removal of £8m from the council tax base as a consequence of moving to the new band structure in the expanded scheme and subsequent reliance on that loss being compensated by the RSG was a cause of some concern and Cabinet highlighted the importance of a fair and proportionate RSG settlement to enable the authority to deliver services for residents. The Head of Finance and Audit explained the operation of the current system in allocating the RSG based on the ability of local authorities to raise Council Tax and the continuation of that principle going forward but further detail would be required in order to better understand the full implications of that change, hence the assurances being sought

from WG in the consultation response. Councillor Gill German added that it was important for all local authorities to respond to the consultation in order to work together with the Welsh Government to find the best way forward.

RESOLVED that Cabinet –

- (a) *approve the proposed consultation response as set out in Appendix 4 to the report, supporting officers' recommendations on the Expanded proposal and delivered through an incremental approach, and*
- (b) *the decision be implemented immediately as an urgent decision under Section 7.25 of the Council's Constitution based on the rationale as set out in paragraph 4.4. to the report.*

8 FINANCE REPORT

Councillor Gwyneth Ellis presented the report detailing the latest financial position and progress against the agreed budget strategy.

A summary of the Council's financial position was provided as follows –

- the net revenue budget for 2023/24 was £250.793m (£233.696m in 2022/23)
- an overspend of £3.229m was forecast for service and corporate budgets
- highlighted current risks and assumptions relating to corporate budgets and individual service areas
- detailed savings and efficiencies and increases in fees and charges (£8.172m)
- provided a general update on the Housing Revenue Account, Treasury Management, Capital Plan and major projects.

The Head of Finance and Audit guided members through the detail of the report. There was a slight decrease in the forecasted overspend on service and corporate budgets of £96k compared to the previous month and main areas of overspend continued to be due to pressures in Adults Social Care and Homelessness, Education and Children's Services and Highways and Environmental Services. There had been an increase in Education and Children's Services due to the needs of two existing placements increasing resulting in a negative movement of £480k which had been offset by services finding in-year savings through ceasing non-essential expenditure and delaying expenditure where possible. The Housing Revenue Account had reported a slight reduction in their underspend at £108k from £122k due to a slight reduction in rental income with a forecast year-end balance of £754k. There was no change in the forecasted use of reserves for schools. The usual appendices had been included on the Capital Plan and Major Projects.

The Leader thanked the Lead Member and Head of Service for their continuing hard work and reiterated the importance of the regular monitoring reports.

RESOLVED that Cabinet note the budgets set for 2023/24 and progress against the agreed strategy.

9 CABINET FORWARD WORK PROGRAMME

The Cabinet forward work programme was presented for consideration and members noted one addition for February on 'Capital Budget Proposals 2024/25'.

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

10 DISPOSAL OF PERONNE FARM, FFORDD COPPY, DENBIGH

Councillor Gwyneth Ellis presented the confidential report seeking Cabinet approval to declare Peronne Farm surplus to the requirements of the Council and to approve its disposal as set out within the report in accordance with existing policy.

Cabinet was advised that the property formed part of the Agricultural Estate and details of its current operating arrangements were provided together with the tenancy agreements in place and the proposed terms of disposal. As part of the process local ward members and the local community council had been contacted and no objections to the disposal had been received. The Asset Management Group also supported the disposal as set out and recommended it to council.

During consideration of the report Cabinet noted that a proportion of the net proceeds of the sale would be used to fund current capital expenditure which would reduce the borrowing costs of the Council and allow the release of funding from the capital financing budget to fund the ongoing pressure created by the disposal, which still left a significant capital receipt. In terms of providing the detail of capital receipts generated and their use this information could be included in the Capital Strategy in future. Cabinet would be discussing the Capital Plan at its next meeting.

RESOLVED that Cabinet –

- (a) *approves the declaration of Peronne Farm, as shown edged red on the plan attached at Appendix A to the report, as surplus to requirements and approves the disposal of the farm as set out in the report, and*
- (b) *confirms that it has read, understood and taken account of the Wellbeing Impact Assessment (Appendix D to the report) as part of its consideration.*

The meeting concluded at 12.25 pm.