

CABINET

Minutes of a meeting of the Cabinet held by video conference on Tuesday, 19 January 2021 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 Jeanette Chamberlain-Jones, Meirick Davies, Hugh Irving, Alan James, Barry Mellor, Melvyn Mile, Paul Penlington, Peter Scott, Glenn Swingler, Graham Timms 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); Passenger Transport Manager (PD); Lead Officer – Community Housing (GD); Democratic Services Manager (SP), and Committee Administrators (KEJ & RTJ)

POINT OF NOTICE - COVID-19 UPDATE

The Leader welcomed everyone to the meeting and hoped that 2021 would be more positive with the roll out of the vaccination programme and return to some normality.

At the Leader's request the Chief Executive gave an overview of the current situation with regard to Covid-19 in Denbighshire and Wales more widely. The latest figures indicated there was cautious optimism that the peak of infections had been reached in terms of the number of infections but there were still a significant number of residents extremely ill with Covid-19 in hospital. Denbighshire's case rate was 369.7 per 100,000 population compared to 406 the previous week, which was above the Welsh average of 306.1, but infections rates were falling across most of Wales. The vaccination rollout was continuing at pace with 27,000 people vaccinated in North Wales which were almost exclusively in the highest risk groups, with a further 35,000 vaccinations planned for the current week resulting in a higher level of protection in care homes. However Covid-19 still remained within communities and everyone was asked to reinforce important messages regarding social distancing, mask wearing, hygiene measures and limiting contacts.

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 – Establishment of Sport North Wales Partnership because they were directors of Denbighshire Leisure Limited.

3 URGENT MATTERS

No urgent matters had been raised.

4 MINUTES

The minutes of the Cabinet meeting held on 15 December 2020 were submitted.

***RESOLVED** that the minutes of the meeting held on 15 December 2020 be received and confirmed as a correct record.*

5 BUS EMERGENCY SCHEME

Councillor Brian Jones, Lead Member for Waste, Transport and the Environment presented the report seeking Cabinet approval to sign up to the Bus Emergency Scheme (BES) 2 to secure financial support for the bus sector and establish a relationship with Flintshire County Council as the lead regional authority.

The report detailed the wider context and background to the Bus Emergency Scheme including Welsh Government proposals for the future reform of bus services together with details of the (conditional) financial assistance already provided to the bus sector, most recently administered by Flintshire County Council as regional lead authority for North Wales but distributed after regional agreement. BES 2 represented the next phase within that process with Welsh Government proposing an agreement with operators and local authorities to protect bus services for an initial term up to 31 July 2022 unless market conditions recovered sufficiently that support was no longer required. Benefits of the agreement would potentially be safeguarding services towards pre-Covid levels and providing a sound legal basis for the additional funding, and offered local authorities some influence over what were formerly commercial services. It also provided extra capacity for school transport. Risks included bus operators not signing up but most were close to doing so, and if Denbighshire did not sign up the authority was less likely to be in a position to influence bus service levels and would effectively be out of step with other local authorities in the region.

The following issues were raised during the ensuing debate –

- in response to questions from Councillor Mark Young the Passenger Transport Manager confirmed that work was currently ongoing with Transport for Wales to ensure democratic accountability going forward and the Lead Member would also be working to ensure Denbighshire's needs were met and scrutinised. It was agreed that members be kept informed of future governance arrangements once they had been established. In terms of the provision of bus services and

ensuring passengers felt safe whilst travelling some statistics were provided on passenger levels which demonstrated that travellers were now more confident using bus services, with approximately 10-12% passenger levels during the first lockdown period compared to 23% in the current lockdown. Reference was also made to the rigorous cleaning regimes to ensure public safety whilst travelling and the introduction of pre-booking seats on some services which gave an added level of confidence. However it was recognised that it would take time to return to some sort of normality and pre-Covid passenger levels

- the importance of bus services in rural areas was highlighted which were difficult to sustain and Councillor Brian Jones confirmed that high level discussions were currently ongoing specifically around rural needs and there was also support in that regard from other lead members at regional level. The Leader thanked Councillor Jones for those assurances and was pleased to note that the impact on rural areas was high on the agenda and that a regional approach may provide an opportunity for a more innovative solution to meet rural needs. He supported the regional approach given it would provide a more sustainable service and ensure better dialogue with operators on a sub-regional approach
- the reluctance of some operators to sign up to the agreement was explained given that there was a prescribed profit margin set at 2% which operators felt precluded future investment and concerns that local authorities and Transport for Wales would be able to influence the services operated. Discussions were ongoing that week with operators and Transport for Wales but given the significance of the scheme it was expected that matters would be concluded and all would be in a position to sign the agreement
- the possible reluctance of people to return to use public transport post-Covid was also acknowledged which would likely be influenced by how long the pandemic continued and changing patterns such as online shopping and less commuting which could become entrenched. However the scheme was flexible and recognised that passenger numbers could increase dramatically or be subject to steady growth. From July there had been growth to about 60% of pre-Covid capacity in some areas and it would take time to reach 100% but if pre-Covid levels were not reached there would inevitably be questions about the balance between public support and commercial revenue to be discussed
- there was some debate on the impact of future investment in buses in terms of environmental technologies such as hydrogen or electric vehicles, particularly given the 2% cap on profits in the agreement and the Welsh Government's aim that all buses had zero tail pipe emissions by 2028. It was considered that even if passenger numbers reverted to normal levels it would be difficult to replace the existing fleet in line with that aim and there was an ongoing debate in that regard – it was likely that additional funding would be required
- in terms of relevant legislation since the UK left the EU, the Head of Legal, HR and Democratic Services referred to draft State Aid Revocations Amendments EU Exit Regulations 2020 due to come into force the beginning of the year and confirmed that legal advice thereon could be provided outside of the meeting.

RESOLVED that Cabinet –

- (a) *agrees to the principles of the Bus Emergency Scheme 2 agreement (as detailed in Appendix 2 to the report) to secure (conditional) financial support for the bus sector and to establish a relationship with Flintshire County*

Council as the regional lead authority and signatory that ensures that the ongoing emergency funding meets the authority's priorities and is delivered on its behalf, and

- (b) *in due course, to call for a further report on bus reform proposals relating to the future management of bus services in Wales.*

6 ESTABLISHMENT OF SPORT NORTH WALES PARTNERSHIP

Councillor Bobby Feeley, Lead Member for Well-being and Independence presented the report seeking Cabinet's support in principle for the establishment of the Sport North Wales Partnership (SNW).

Some background was provided in terms of the role of Sport Wales who had historically provided funding to local authorities and other partners to undertake sporting programmes and interventions. The report focused on the proposed establishment of a new regional SNW partnership involving other North Wales local authorities and key partners working together with a shared vision for the benefit of the region. If approved the cumulative funding from Sport Wales (approximately £2.7m per annum) would be directed through SNW with indicative total 5 year funding from 2021/22 to 2025/26 being £13,529,494. Councillor Feeley referred to Denbighshire Leisure Limited's involvement in the partnership and took the opportunity to pay tribute to staff in their response to the challenges faced and their participation in other service areas in response to the coronavirus pandemic.

The Head of Legal, HR and Democratic Services guided members through the legalities of the report including the principle of the SNW and terms on which it would operate, drawing particular attention to the model to be adopted with Conwy County Borough Council proposed as host authority together with the basis of the funding and governance arrangements. It was recommended that Denbighshire Leisure Limited (DLL) represent the Council on the Governance Board given their expertise and functions carried out on the Council's behalf. Regular reports would be made by DLL through contract management meetings and the Strategic Governance Board. The timescales for approval of the Inter-Authority Agreement by 22 January 2021 had resulted in a proposed amendment to the report recommendation to grant delegated authority in that regard. A template report had been produced for authorities to seek approval of the proposal through their democratic processes and the reference to Wrexham in paragraph 4.1 had been included in error and should be disregarded.

The Leader referred to the importance of ensuring clear accountability as set out by the Head of Legal, HR and Democratic Services and noted that if Denbighshire did not participate they would be unable to exert any influence but there was a risk that local priorities may be diluted as a result of a regional approach. He stressed the importance of the Council's representative on the Governance Board highlighting local needs and aspirations going forward. The Head of Legal, HR and Democratic Services confirmed that the activities funded through the SNW were being delivered by DLL for the Council and governance structures were in place ensuring continual dialogue between DLL and the Council in that regard. In terms of the regional approach, North Wales was a pilot and Sport Wales intended to establish five

regional partnerships across Wales. The initial term of the agreement was five years and would automatically end after that time unless all partners agreed to extend it or if before the period of five years all partners agreed to terminate it. In response to further questions regarding funding members were advised that Sport Wales would provide funding to the SNW to distribute across the region; the Council was not contributing to any funding costs in that regard.

RESOLVED that Cabinet –

- (a) *supports in principle the establishment of the Sport North Wales Partnership and delegates authority to the Head of Legal, HR and Democratic Services in consultation with the Lead Member for Well-being and Independence and Section 151 Officer to approve the terms of the final Inter-Authority Agreement, and*
- (b) *that Denbighshire Leisure Limited be appointed to represent the Council on the Governance Board of the Sport North Wales Partnership acting as an agent of the Council.*

7 HOUSING RENT SETTING & HOUSING REVENUE AND CAPITAL BUDGETS 2021/22

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 2021/22 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. 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 2021/22 was 1.5% resulting in an average weekly rent of £93.89 (average weekly rent increase £1.38). There was no proposal to use the discretionary charge of up to £2 per week for properties. As part of the rent setting process consideration had been given to affordability for tenants, value for money and an assessment of cost efficiencies. 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.

The Lead Officer – Community Housing highlighted the need to balance the level of rent increase to meet future costs against affordability for tenants. Due to the level of inflation it was the lowest rent increase for some time and for tenants in receipt of housing benefit the benefit entitlement would rise to cover the rent increase. The overall service charges, whilst varying between properties, had decreased slightly.

During consideration of the report the following issues were further discussed with Councillor Julian Thompson-Hill and Lead Officer – Community Housing –

- Councillor Mark Young stated that it was honest report which clearly set out the reasoning behind the rent increase but he sought further assurances regarding the affordability element, particularly given the potential reduction in Universal Credit payments and financial hardship faced by tenants. He was advised that regardless of the level of Universal Credit if tenants were eligible for the benefit any increase in the rent and service charge would be covered. Assurances were provided that the service had been proactively supporting tenants and affordable repayment terms were offered if they fell into arrears with no threat of legal action. Tribute was also paid to Citizens Advice Denbighshire in providing value support and budgeting advice for tenants. All Registered Social Landlords in Denbighshire had the same responsibilities in terms of decarbonisation standards and housing stock investment but the Council's rents were lowest with no lesser service provided. Previous years' data showed the Council's rents to be on the lower end of the scale in terms of Welsh Government target rent and it was likely that more tenants would fall below the target rent this coming year demonstrating an excellent service at a low cost to tenants
- whilst appreciating the need for an annual review and the case made for the rent increase, Councillor Bobby Feeley questioned the timing of the increase in light of the financial hardship caused by the pandemic and whether it would be possible to shelve the increase until the following year. It was explained that the legislation did not permit retrospective claiming back of income and next year it would only be possible to consider CPI + 1%, and potentially the £2 discretionary charge, but that would place a bigger increase on tenants in one year rather than spreading it across two years. It would also result in less income in the next financial year which would potentially impact on the viability of the Housing Stock Business Plan going forward. The welfare of tenants was a key consideration and the increase had been discussed with Denbighshire Tenants and Residents Federation. It was noted that the increase would be covered by housing benefit in over two thirds of cases and the remaining tenants would be supported as much as possible. Previously the rent increase had been worth around £800k a year but the current proposal would result in around £240k and a stagnant rent with no increase would result in a loss of close to £1m in four years. This would impact on the investment in housing stock and service provision for tenants. Whilst appreciating the increase for tenants, the rent was still well below the Welsh Government target rent level
- in terms of the Welsh Government five year rent policy for social housing rents it was reiterated that the policy agreed an annual rent uplift annually of no more than CPI + 1% with an additional £2 per week charge on individual homes on condition that the total rent increased by no more than CPI + 1%. Other North Wales local authorities were also increasing rents with some intending to utilise the £2 weekly increase instead of CPI + 1%. Welsh Government target rents had risen by 11.5% over the last four years but the Council's rents had only increased by 9% over that period. Even taking into account the proposed rent increase Denbighshire's rent levels still remained well below the Welsh Government target rent. Reference was also made to the investment to be made in the housing stock including making properties more fuel efficient which would result in decreasing fuel bills for tenants
- Councillor Glenn Swingler raised concerns regarding the terminology used in the Well-being Impact Assessment (WBIA) referencing the fear that Denbighshire Housing would have a disproportionate amount of poorer

households due to its lower rent. The Lead Officer accepted the point and agreed to reword the document. He explained that the WBIA had been undertaken with tenants and there had been a previous concern regarding the approach taken by other housing associations in terms of the affordability assessment and eligibility for tenancies which was outdated.

Cabinet paid tribute to the work of housing services, in partnership with Citizens Advice Denbighshire, in supporting tenants to effectively manage their finances and maximise their income, and the sensitive approach to dealing with tenants in financial difficulty. Having considered the budget figures and proposed rent increase, and taking into account affordability for tenants and the future level of investment in housing stock, there was overall support for the recommendations.

RESOLVED that –

- (a) *the Housing Revenue Account Budget for 2021/22 (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 £93.89 with effect from Monday 5 April 2021;*
- (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 juncture (11.25 hrs) the meeting adjourned for a refreshment break.

8 BUDGET 2021/22 - FINAL PROPOSALS

Councillor Julian Thompson-Hill presented the report setting out the implications of the draft Local Government Settlement 2021/22 and proposals to finalise the budget for 2021/22, including the level of Council Tax.

Councillor Thompson-Hill provided an overview of the budget process and latest budget position and elaborated upon the proposals for consideration and recommendation to full Council in order to set the budget for 2021/22. The draft settlement had resulted in a positive settlement of +3.6% (compared to the Welsh average of 3.8%) with the final settlement expected on 2 March 2021. Pressures amounting to £9.903m had been detailed and the impact of using £685k of cash in 2020/21 meant the total shortfall amounted to £10.588m. The +3.6% settlement generated £5.42m leaving a funding gap of £5.167m with proposals to bridge that gap identified in the report and further explained at the meeting. A Council Tax rise of 3.8% had been proposed to generate £2.132m 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.

The Head of Finance and Property added that the budget was very much business as usual with an assumption that a level of Welsh Government support would be forthcoming if Covid-19 related pressures continued. He also confirmed there would be early engagement with members on the budget process for next year.

Main areas of debate focused on the following –

- Councillor Mark Young referred to the funding shortfall and years of funding cuts to local authority budgets and he questioned the sustainability of future service delivery and sought an update on previous requests for a three year budget to aid future financial planning. The Leader responded that the positive settlements over the last two years had to be appreciated, particularly given the current financial situation faced by both UK and Welsh Governments. There had been regular and positive dialogue with Welsh Ministers throughout the pandemic and they understood the challenges and pressures faced by local government and Welsh Government had been supportive in the way they had responded and reacted to the Covid-19 situation. However the forthcoming Welsh Parliament election may result in a change Minister which could have a significant impact. The Chief Executive welcomed the funding settlement which enabled the authority to cover most service pressures for 2021/22 but there was no guarantee that emerging pressures from Covid-19 related income loss would be met. If future settlements were not sustained at such a level to meet increasing pressures, particularly in social care, difficult decisions would need to be made. In terms of a three year settlement the Head of Finance and Property explained that the original proposal for a comprehensive spending review had been delayed due to Covid-19 and a one year settlement had been announced by the Chancellor last November. Welsh Government would need a three year indication of their figures from the UK Treasury to realistically be in a position to provide a three year settlement for local government going forward
- Councillor Glenn Swingler referred to year on year savings made by schools and felt it was not appropriate to seek further savings in light of the difficulties faced in responding to Covid-19 and he queried the amount of investment made within schools. In terms of the overall savings package he asked whether it could be revisited to further consider the affordability element for residents. The Lead Member for Finance clarified that work had been ongoing with the School Budget Forum (SBF) for some time, as in previous years, to deliver the 1% saving (all other services were expected to find 4% saving). The 1% saving equated to £733k with an additional £3.27m proposed to be allocated so the overall schools delegated budget would increase by about £2.5m as an overall net figure. The schools increase was for revenue spend and investment in schools via the Modernising Education budget was completely separate. The Lead Member for Education confirmed the proposal had the support of the SBF and there was a net gain in the budget. However he highlighted pressures on schools in terms of financing blended learning and Covid-19 regulations etc. and work was ongoing to seek any funding which may be available from Welsh Government to offset the costs incurred by schools. In responding to the point made regarding the overall package of budget proposals the Lead Member for Finance explained the option of either reducing the amount in the budget to cover budget pressures (although most were unavoidable) or change the amount of Council Tax. He did not believe that residents should be charged

more than was needed to deliver services, even more so this financial year and additional hardships faced as a result of Covid-19. The recommendation to raise Council Tax by 3.8% had not been made lightly given the impact it would have on residents. If a lower level was recommended it would mean that some pressures would not be met or additional cuts to services. Consequently he believed the budget proposals represented the best way of addressing pressures with the least negative impact on residents

- in response to questions from Councillor Paul Penlington regarding the budget figures the Lead Member for Finance clarified that the shortfall figure in the report before addressing Council Tax was a funding gap of £5.167m. The items listed at paragraph 4.4 of the report had been proposed to help bridge the funding gap leaving the required £2.132m which equated to the 3.8% rise in Council Tax proposed. If Council Tax was set at a lower rate than 3.8% it would mean that either additional cuts would need to be made to services or not meeting all of the pressures identified in paragraph 4.3 of the report.

RESOLVED that Cabinet –

- (a) *notes the impact of the Draft Local Government Settlement 2021/22;*
- (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 finalise the budget for 2021/22;*
- (c) *recommends to Council the average Council Tax rise of 3.8% proposed;*
- (d) *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*
- (e) *confirms that it has read, understood and taken account of the Well-being Impact Assessment submitted as part of the report.*

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 £2.242m was forecast for service and corporate budgets
- 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.

Councillor Thompson-Hill explained that there had been no significant movements since the previous month's finance report. The £2.242m forecasted overspend had assumed no additional funding from Welsh Government (WG) and the figures would be updated when that funding had been received in line with previous practice. In terms of Capital Projects most were progressing in line with expectations and with regard to Rhyl Queen's Market Redevelopment the WG had confirmed an additional £1.5m (over and above the £5m provisional allocation) which meant phase 1 of the project was fully funded. The planning application submitted was for the entire project. Finally reference was made to the various grant regimes administered by the Council on behalf of WG relating to Covid-19 over the last ten months with money paid out by local authorities exceeding £1bn and Denbighshire having paid out around £52m to businesses. This was testament to the Revenues and Benefits Team working above and beyond and tribute was paid to staff in that regard.

Councillor Mark Young highlighted the excellent support and prompt response provided by the Council to businesses but queried whether any additional financial support would be forthcoming from WG given the continued closure of businesses and hardship caused as a result. It was explained that the funding announced by WG covered the period of lockdown to 29 January and it was assumed that a further round of funding would be made available in the event lockdown continued after that date but WG had yet to make any announcements in that regard. As soon as any more information became available it would be shared with members.

RESOLVED that Cabinet note the budgets set for 2020/21 and progress against the agreed budget strategy.

10 CABINET FORWARD WORK PROGRAMME

The Cabinet forward work programme was presented for consideration and it was noted that the 'Contract Procedure Rules' item would be rescheduled from February to a future meeting pending consideration by the Corporate Governance and Audit Committee. In response to a request from Councillor Meirick Davies the Leader agreed to arrange for previous reports on 'Changes to the Street Naming and Numbering Policy' scheduled for the next meeting to be sent to him directly.

RESOLVED that Cabinet's forward work programme be noted.

The meeting concluded at 12.30 hrs.