

Time Commenced – 18:01
Time Finished – 18:45

Corporate Scrutiny and Governance Overview and Scrutiny Board

14 February 2017

Present: Councillor Stanton (Chair)
Councillors Bayliss, Carr, Hezelgrave, J Khan, Webb and Whitby

In Attendance: Christine Durrant, Martyn Marples, Alison Parkin, Clare Harrison (minutes).

70/16 Apologies for Absence

Apologies for absence were received from Councillors Hassall, Jackson and Williams.

71/16 Late Items

There were no late items.

72/16 Declarations of Interest

There were no declarations of interest.

73/16 Council Cabinet Agenda

The Board considered a report from the Chief Executive on the Council Cabinet Agenda. Members considered the Council Cabinet Agenda in its entirety for the meeting scheduled for Wednesday 15 February 2017 and made a number of comments and recommendations to Council Cabinet.

The Chair of the Board determined that items 7 through to 10 in relation to the Council's Budget 2017/18 would be considered as one item.

Item 7 - General Fund Revenue Budget 2017/18

Item 8 - Report on the Robustness of Estimates and on the Adequacy of Reserves 2017/18

Item 9 - Capital Budget 2017/18 to 2019/20

Item 10 - Treasury Management Strategy 2017/18

Members considered a number of reports of the Cabinet Member for Strategy and Policy and Chief Finance Officer to approve Capital and Revenue budget proposals for Derby City Council for 2017/18, including the level of reserves and balances for 2017/18 and Treasury Management Strategy for 2017/18, including Treasury Management Indicators.

The Chief Finance Officer informed that Board that there has been a number of key developments in the budget strategy since November 2016, which included a further increase Council Tax by an additional 1% in 2017/18 and 2018/19 with no precept for Social Care in 2019/20; an estimated reduction of up to 99 full time equivalents (FTEs); and a review of reserves. Final revisions that have been made to the 2017/18 to 2019/20 budget after receiving feedback from the consultation process and receipt of the provisional financial settlement were also summarised for the Board.

The Chief Finance Officer also highlighted agreed changes to the Council's budget proposals for 2017/18 to 2019/20b following consultation which included the deferment of savings for one year whilst proposals are reviewed and more information is received on B line travel subsidy; staffing efficiencies from 2018/19 to 2019/20; and to delay ending the neighbourhood management function from 2018/19 to 2019/20. It was further reported that Education Services Grant service reductions would be deferred for two years, from 2017/18 to 2019/20.

Members queried if the deferment of savings create a risk of not realising these savings in the future. The Chief Finance Officer confirmed that this is a risk if work is not done to review these proposals and other alternatives in the deferment period, but that the aim was to prepare options in advance of this.

Members also queried if savings removed from the budget would not be achieved, for example the decision not to remove school crossing patrol, which was included in the previous year's savings proposals but did not happen. Members were assured that everything remains in the base budget unless it is removed by policy or replaced with alternative savings.

It was explained to the Board that a rising demand for services in Adult Social Care is creating ongoing pressures, along with rising inflation rates and staff wage increases through implementation of the national living wage. Members queried the ring-fencing of the Adult Social Care precept and were reassured that this would be ring-fenced for public health activities. Members also queried the tabled efficiencies from retendering of sexual health contract and any impact of this on the city's residents. Members were informed that this should not impact on service delivery, but that this could be added to the future work programme for monitoring.

In relation to the Capital Budget proposals, the Board queried the lack of cost attributed to demolition of the Cattle and Wholesale Markets. The Chief Finance Officer explained that this was because the Council expected to receive capital receipts from the site in the future and therefore the demolition was to be funded through the use of reserves to move forward with the property rationalisation programme in the short-term.

In relation to the robustness of estimates and adequacy of reserves, the Chief Finance Officer informed the Board that he is happy with the level of risk reserves and that the estimates are robust. The Chief Finance Officers also explained that the Treasury Management report sets out the detail of how the Council is managing its debt and what it is doing with its investments. Here were no queries from Members on these items.

The Corporate Scrutiny and Governance Board resolved to include a report on sexual health in Derby on a relevant Overview and Scrutiny Board future work programme.

Item 11 - Dedicated Schools Grant 2017-2018

The Board considered a report of the Cabinet Member for Strategy and Policy and of the Director of Finance and the Strategic Director of People Services in relation to the proposals for the use of the Dedicated Schools Grant for Derby for the financial year 2017 -18.

It was reported that Government has confirmed its intention to move to a national funding formula framework in 2018-19. An Early Years national funding will begin to be implemented from April 2017 with full implementation by 2019-20.

In response to this the Council proposed to implement an Early Years Formula in response to the requirement of the National Early Years Formula requirements on the basis of:

- A base rate of £4.05 per hour, reflecting the level of base funding which is received by the Council.
- Deprivation funding based on 20p per hour per eligible child using the Income Deprivation Affecting Children Index (IDACI) with a weighting of x3 to 60p per hour for the top band (most deprived) and a free school meal rate of 20p per hour for each eligible child.
- English as an additional language factor supplement at 20p per hour per eligible child.
- To establish a £250,000 inclusion fund to support children with additional needs across all settings
- To use the £1.194 million maintained nursery school supplementary funding to help the maintained sector transition to the new national funding model.

The Board queried whether or not schools had been informed of the formula changes, so that they would be able to remodel their own funding and budgets accordingly. Members were informed that the schools had been informed and were fully supportive of the new formula.

Members further queried the use of £1.194 million of the maintained nursery school supplementary funding to help the maintained sector transition to the new national funding model. It was explained to the Board that this was transitional funding for this parliament to bridge the gap between the cost of standalone nursery schools and the allocated provision for nursery education, which is based on the costs of providing nursery education in a wider school setting at a much lower cost.

The Board resolved to note the report.

MINUTES END