

Minutes Extracts

COUNCIL CABINET

18 February 2015

Budget and Policy Framework

158/14 Capital Budget 2015 to 2017/18

The Council Cabinet considered a report which set out the 2015/16 to 2017/18 capital programme for recommendation to Council. The main areas of the £263,099,741 programme over the next three years were...

- £5,012,000 District Centre improvement programme.
- £29,983,000 for the Environmental Agency flood defence project Our City Our River.
- £25,000,000 to deliver the jointly funded waste disposal plant in partnership with Derbyshire County Council.
- £35,302,000 Children and Young People's Directorate programme including the; conclusion of the current primary school expansion programme; and repairs, maintenance and improvements to the fabric of school buildings.
- £58,390,306 Housing programme, including refurbishment to Council-owned houses in the Housing Revenue Account - HRA - along with further Housing General Fund schemes to deliver decent homes and assistance to vulnerable householders, disabled facilities grants, other repairs and assistance in the private sector and support for affordable housing.
- £18,399,000 for highways and transport - to improve the highway network and deliver major schemes such as London Road Bridge.
- £9,688,000 for property maintenance of the Council's buildings and infrastructure.
- £3,028,000 for the Extracare programme for Derby Senior Citizens in our Adults Social Care Service.
- £53,669,000 for regeneration of the city centre and key regeneration areas including priority District Centre improvements, Infinity Park Derby and the Innovation Centre.

A number of measures to balance the capital budget had been applied including over programming and additional borrowing, as detailed in Section 6 of the report.

A review of the capital programme by Council Cabinet had resulted in a reduction in the amount of borrowing from 44% to 40% over three years, with the 2015/16 programme only reliant upon 32% borrowing.

The report also outlined assumptions made on future year's government allocations which were still to be confirmed, as detailed in Paragraph 5.2 of the report.

The capital programme was categorised by asset group. For example, all council owned (non- schools) property enhancements were categorised under property rather than against the Directorates which operated from those buildings. A summary of the overall capital programme for 2015/16 to 2017/18 was shown at Appendix 2 of the report.

Decision

1. To approve the capital programme for 2015/16 and the indicative capital programme for 2016/17 and 2017/18 as set out in the report. A summary was shown in Appendix 2 of the report.
2. To approve the commencement of the capital schemes presented in the 2015/16 capital programme detailed in Appendix 2 of the report.
3. To approve the allocation of S106 funding as summarised in paragraph 5.6 table 2 and detailed in Appendix 4 of the report, and to transfer the Westfield S106 funding to capital and revenue reserves for uses as described in paragraph 5.7 of the report. To approve the drawdown of the revenue reserve created over the next three financial years.
4. To note assumptions made for government funding allocations, detailed in paragraph 5.3 of the report.
5. To note the process of review undertaken on the current capital programme and the process for assessing new bids described in section 4 of the report.
6. To note the revenue budget implications of the proposed programme described in sections 6 and 8 of the report.
7. To approve the continued principle of over-programming to a level of 10% of corporate funding (Borrowing and SCE C - Supported Capital Expenditure - Capital).
8. To recommend Council to approve the additional borrowing required to fund the 2015/16 -2017/18 capital programme.

159/14 Report on the Robustness of Estimates and on the Adequacy of Reserves 2015/16

The Council Cabinet considered a report on the Robustness of Estimates and on the Adequacy of Reserves 2015/16. The Council's Medium Term Financial Plan – MTFP – had been prepared with consideration to the resources available to the Council and to the demands and priorities included within the Council Plan. It was clear that the Council was no longer capable of providing the services it had for many years. Many of these services would have to stop unless they were provided externally and at no cost to the Council.

A key part of the Council MTFP process was the review of current levels of reserves

and contingency budgets to ensure there was adequate cover for future planned needs and unforeseen eventualities and to identify any reserves or contingencies which could be released to support the delivery of a balanced budget.

The purpose of the report was to provide an opinion under Section 25 (1) of the Local Government Act 2003 which required the Chief Finance Officer to report to Council on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of Council reserves.

The report was split into; Section 4 detailing the MTFP process and budgetary controls, Section 5 covering the robustness of estimates, Section 6 covering the adequacy of reserves and Section 7 detailing the requested movement in reserves.

Decision

1. To note the Chief Finance Officer's opinion that the estimates used in the production of the budget proposal for 2015/16 were adequately robust.
2. To note the Chief Finance Officer's opinion that, based on the assessment of the Council's reserves and contingencies, the key financial risks identified, and the thorough process used for developing the Medium Term Financial Plan, the level of reserves and balances for 2015/16 was adequate.
3. To approve the transfers between reserves and creation of a new reserve as detailed in section 7 of the report.
4. To recommend to Council that they consider this report in conjunction with the General Fund Revenue Budget 2015/16 report.

160/14 General Fund Revenue Budget 2015/16

The Council Cabinet considered a report the General Fund Revenue Budget 2015/16. The report set out proposals resulting from the Coalition Government finance settlement to recommend to Council a net budget requirement of £221,791,594 in 2015/16.

The report also sets out budget proposals for 2016/17 and 2017/18 as part of the Council's Medium Term Financial Plan - MTFP.

The Council had outlined permanent cuts requirements of £69.0m over three years to address the impact of funding reductions, meet rising costs, maintain priority services and invest for the future. These cuts total £19.7m in 2015/16, £30.6m in 2016/17 and £18.7m in 2017/18.

Each section of the report dealt with the various elements that required consideration before a final decision was reached. These key areas were:

- the budget process leading up to these proposals (Section 4) of the report.
- the resources available to the Council, including council tax and the local government finance settlement (Section 5) of the report.

- the budget proposals for 2015/16, how they had changed since proposals were released for consultation and details of the key changes by Directorate (Section 6) of the report.
- the budget forecasts for 2016/17 and 2017/18 (Section 7) of the report detailed of the impact assessments carried out on the Council's budget proposals (Section 8) of the report.
- an explanation of the links between the budget proposals and the Council's corporate outcomes (Section 9) of the report.
- the Council's reserves position (Section 10) of the report.
- the communication and consultation process including feedback (Section 11) of the report.
- the management of budget risks (Section 12) of the report.

A separate report providing details of the latest estimated outturn position for 2014/15 as at Quarter 2, and the treatment of variances, was presented to Council Cabinet on 19 November 2014. The 2014/15 budgets used in the report had been restated to reflect all movements of budgets between Directorates approved during 2014/15 to date and to reflect the changes in the Local Government finance arrangements to enable more meaningful comparison.

The 2015/16 budget showed a £3.5m (1.6%) increase over the 2014/15 budget, however this hid a number of significant movements:

- Revenue Support Grant had been cut by £17.2m
- Specific Grants had increased by £8.7m but the majority come with new burdens increasing the pressure on the Council
- The Council had already increased levels of Council Tax and Business Rates, including growth by £11m which positively affected the 2015/16 budget position.

Further details of all grants anticipated to be received by the Council were provided in Appendix 3 of the report.

The funding for 2016/17 and 2017/18 was forecast to be worse than anticipated prior to the Autumn Statement. Measures to reduce the national deficit were forecast to be steeper in the remainder of this MTFP.

Included in the appendices was summarised budget information that, together with the text of the report, constituted the full budget proposal.

Decision

To recommend to Council the following ...

1. To approve a budget requirement for Derby City Council for 2015/16 of £221,791,594 subject to confirmation of the final Local Government Settlement

expected in February 2015 and finalisation of the Council's Council Tax for 2015/16 which would be presented to Council in March 2015 for approval and with due regard to the outcome of the Equality Impact Assessment update which appeared at Appendix 10 of the report.

2. To approve for 2015/16 the directorate revenue budget estimates and the net use of reserves of £2.068m (0.93% of the budget) in 2015/16 summarised in Appendix 4a of the report.
3. To approve the measures proposed to manage budget risks in 2015/16 and in future years, including the deliverability of identified cuts, levels of service and inflation forecasts as set out in Section 12 of the report.
4. To approve the commencement of appropriate procurement procedures to support the specific budget proposals listed in appendices 5 and 6 of the report.
5. To approve the immediate implementation of detailed cuts proposals for 2015/16 and 2016/17 subject to the completion and consideration, where relevant, of any further consultation exercises, equality impact assessments and assessments under Section 17 of the Crime and Disorder Act 1998.
6. To note the changes made to the budget cuts proposals as a result of feedback from the consultation process, detailed in paragraph 11.4 of the report.
7. To approve within this total of £221,791,594:

	£
Net service estimates of:	
Adults, Health and Housing	85,304,000
Chief Executives	2,165,000
Children and Young People	47,654,000
Neighbourhoods	46,654,000
Resources	21,611,000
Corporate Budgets	19,971,594
Corporate redundancy costs	500,000
	223,859,594
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Service reserves	(1,475,000)
Corporate reserves	(593,000)
	221,791,594

8. To note the calculation of the Council's Tax Base for the year 2015/16 as 63,240.36 equivalent band D properties, approved by Council Cabinet on 21 January 2015, in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012).

9. To note the calculation of the following amounts for the year 2015/16 in accordance with Sections 33 (1) of the Local Government Finance Act 1992, as revised under Schedule 5 of the Localism Act 2011, and for these figures to be taken forward and confirmed at Council in March 2015 as part of the Council Tax setting report.

- a. £568,850,695 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e).
- b. (£347,059,101) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) and (c) of the Act.
- c. £221,791,594 as its budget requirement for the year, being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act.
- d. £146,596,909 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, business rates top-up grant, revenue support grant, and additional corporate government grants
- e. £1,189.03 as the basic amount of its Council Tax for the year, being the amount at (c) above, less the amount at (d) above, all divided by the amount at 2.8 above, calculated by the Council, in accordance with Section 33 of the Act.

f. for the following Valuation Bands:

	£		£
A	792.69	E	1,453.26
B	924.80	F	1,717.49
C	1,056.92	G	1,981.72
D	1,189.03	H	2,378.06

as the amounts to be taken into account for the year, under Section 30(2)(a) of the Act, in respect of categories of dwellings listed in different valuation bands, being the amounts given by multiplying the amount at (e) above by the number which, in the proportion set out in Section 5(1) of the Act, was applicable to all dwellings listed in each particular valuation band divided by the number which in that

proportion was applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act.

10. To note that details of the precepts to the Council for Derbyshire Police Authority and Derbyshire Fire Authority, in accordance with Section 40 of the Local Government Finance Act 1992, would be presented to Council in March 2015.
11. To note that the Council Tax to be set for 2015/16 being the aggregate of the amount calculated by the Council at Appendix 2 of the report and the precepts issued by the Council's major precepting authorities, in accordance with Section 30 of the Act, would be presented to Council in March 2015.
12. To note the revenue budget plans for 2016/17 and 2017/18 set out in section 7 of the report.
13. To note the feedback from the budget consultation detailed in appendices 7 to 9 of the report and approve the Council Cabinet responses to consultation recommendations.
14. To note that the Council held a Schools Forum meeting on 3 February 2015, this would directly inform the draft 2015/16 Schools Budget. Details of Schools budget were included in a separate report on the agenda for this meeting.
15. To defer the £150,000 Museums Service savings target until 2016/17, this would be met from a temporary use of Corporate Insurance Contingency in 2015/16, and that Directorate budget details relating to recommendations 2.2 and 2.12 be amended accordingly, prior to submission to Council.

161/14 Treasury Management Strategy and Prudential Code Indicators 2015/16

The Council Cabinet considered a report on Treasury Management Strategy and Prudential Code Indicators 2015/16. The report outlined and sought approval of the Council's Treasury Management Strategy for the financial year 2015/16 and the Prudential Indicators derived from this strategy. Specifically, the report included:

- The External Outlook
- The Capital Financing Requirement
- The Annual Borrowing Strategy
- The Annual Deposits Strategy
- Prudential Code Indicators and limits
- Financial Derivatives

- Minimum Revenue Policy.

Decision

1. To approve and recommend to Council the Treasury Management Strategy for 2015/16.
2. To approve and recommend to Council the Prudential Indicators and limits for 2015/16 to 2017/18.

165/14 Council Plan 2015-18

The Council Cabinet considered the Council Plan 2015-18. The current Derby Plan and Council Plan would end in March 2015. The report presented a draft Council Plan based on the new 15 year vision and priorities consulted on as part of the Council's budget proposals. The draft Plan was shown in Appendix 2 of the report.

The new Council Plan would cover three years from 2015 - 2018 and would align with the latest Medium Term Financial Plan (MTFP) as launched on 3 December 2014. Subject to Council Cabinet approval, the Council Plan would be presented to Council alongside the Council's budget on 4 March 2015.

It was proposed to underpin the Council Plan with new thematic and risk-based delivery plans. These would replace the existing service planning model currently in place. It was expected these would be published by the end of June 2015.

Decision

1. To approve the Council Plan 2015-18 (as shown in Appendix 2 of the report).
2. To refer the Council Plan 2015-18 to Corporate Scrutiny and Governance Board and Council for approval.
3. To delegate authority to the Acting Chief Executive following consultation with the Leader of the Council to make any final amendments to the Council Plan 2015-18.
4. To note the timetable for developing Delivery Plans which underpin the Council Plan 2015-18.

MINUTES END