

Budget and Policy Framework

135/12 Council Tax Base for 2013/14

The Council Cabinet considered a report on the Council Tax Base for 2013/14. The Council had to calculate its council tax base for 2013/14 as a means of raising council tax income for the 2013/14 financial year from Derby council tax payers.

The tax base was an estimated figure of the number of domestic properties in terms of 'band D' in the Council's area during the financial year concerned. It was used to determine a headline charge for band D properties in the city. Charges for other bands were calculated as defined fractions of the headline charge.

In 2013/14, changes arising from the Government's Welfare Reform programme (specifically the replacing of council tax benefit with local council tax support) and the decision to give local authorities greater discretion over the reliefs from council tax available in respect of second homes and some empty properties would have a significant impact on the Council's tax base. The overall impact of these changes would be to sharply reduce the Council's tax base.

The proposed council tax base for 2013/14 was 61,622.88 band D equivalent properties compared with the 2012/13 council tax base of 72,726.75. This represented a decrease of 11,103.87 band D equivalent properties.

As well as taking into account the changes mentioned in paragraph 1.3 of the report, the tax base also included a prudent estimate of the number of newly built homes between 1 December 2012 and 31 March 2014 that would add to the tax base.

Decision

1. To approve the council tax base for the year 2013/14 as 61,622.88 band D equivalent properties in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012/2914).
2. That in accordance with the methodology and estimates shown at Appendix 2 of the report, to recommend Council to approve this calculation.

136/12 Capital Budget 2013/14 to 2015/16

The Council Cabinet considered a report which set out the 2013/14 to 2015/16 capital programme for recommendation to Council. The main areas of the £264,625,000 programme over the next three years were

- £54,254,000 to deliver the Council's Leisure Strategy which would include a new 50 metre swimming pool together with the creation of a Multisports Arena and new athletics track.
- £25,000,000 to deliver the jointly funded waste disposal plant in partnership with Derbyshire County Council.
- £36,522,000 Children and Young People's Directorate programme including the Primary Capital Programme: repairs, maintenance and improvements to the fabric of school buildings.
- £36,476,000 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.
- £21,241,000 Local Transport Plan – LTP – to improve the highway network and deliver major scheme such as London Road Bridge replacement.
- £25,060,000 for property maintenance of the Councils' buildings and infrastructure.
- £3,300,000 for the Extracare programme for the elderly in our Adults Social Care and Housing service.
- £55,876,000 for regeneration of the city centre and key regeneration areas.

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.

The report also outlined assumptions made on future year's government allocations which were still to be confirmed as detailed in paragraph 5.23 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 Directorates which operated from those buildings. A summary of the overall capital programme for 2013/14 to 2015/16 was shown in Appendix 2 of the report.

Results of the capital consultation were included at Appendix 5 of the report.

Decision

1. To approve the capital programme for 2013/14 and the indicative capital programme for 2014/15 and 2015/16 as set out in the report. A summary was shown at Appendix 2 of the report.
2. To approve the commencement of the capital scheme presented in the 2013/14 capital programme detailed in Appendix 2 of the report.

3. To note assumptions made for government funding allocations, detailed in paragraph 5.2 of the report.
4. To note the process review undertaken on the current capital programme and the process for assessing new bids described in section 4 of the report.
5. To note the revenue budget implications of the proposed programme described in sections 6 and 6 of the report.
6. To approve the continued principle of over programming to a level of 10%.
7. To recommend Council to approve the additional borrowing required to fund the 2013/14 – 2015/16 capital programme.
8. To note the results of the consultation process and approve the Council Cabinet response shown at Appendix 5 of the report.

137/12 Report on the Robustness of Estimates and on the Adequacy of Reserves 2013/14

The Council Cabinet considered a report which stated that 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. Consideration had been given to the opportunities to make efficiencies in how the Council organised its service delivery, in order to spend less while maintaining the high level of services delivered to customers. The Council had also reviewed how it procured services, identified alternative service delivery models and consolidated core spending areas in order to identify where additional budgetary savings could be made.

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 Strategic Director of Resources as 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 three main sections: Section 4 detailed the MTFP process and budgetary controls, Section 5 covered the robustness of estimates and Section 6 covered the adequacy of reserves.

Decision

To recommend Council to:

1. To note the Strategic Director of Resources' opinion that the estimates used in the production of the budget proposal for 2013/14 were adequately robust.
2. To note the Strategic Director of Resources' 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 2013/14 was adequate.
3. To approve the transfers between reserves as detailed in Section 7 and Appendix 5 of the report.

138/12 General Fund Revenue Budget 2013/14 to 2015/16

The Council Cabinet considered a report which set out the proposals to recommend Council a net budget requirement of £223,064,543 in 2013/14.

The report also set out the budget proposals for 2014/15 and 2015/16 as part of the Council's Medium Term Financial Plan – MTFP.

The Council had outlined permanent savings requirements of £62.2m over three years to meet rising costs, maintain priority services and invest for the future. These savings targets of £20.1m in 2013/14, £23.3m in 2014/15 and £18.8m in 2015/16 excluded one-off savings needed to meet redundancy pressures. Savings would be delivered from a combination of the Council's on Derby one Council – ODOC – efficiency programme, staff post reductions and changes to services.

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 2013/14 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 2014/15 and 2015/16 (Section 7 of the report).
- Details 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 2012/13 as at Quarter 2, and the treatment of variances, was presented to Council Cabinet at its meeting on 7 November 2012. The 2012/13 budgets used in the report had been

restated to reflect all movements of budgets between Directorates approved during 2012/13 to date and to reflect the changes in the Local Government finance arrangements to enable more meaningful comparison.

The Council's provisional grant settlement from central government for 2013/14 was expected to be £115.245m, including revenue support grant of £75.795m, and £12.667m in top-up grant under the new Business Rates Retention funding scheme for Local Government, to supplement anticipated retained business rates of £37.758m. A number of other corporate grants were also expected in 2013/14 including a Public Health Grant of £13.167m: an Education Service Grant of £3.701m, although this was yet to be confirmed and grant of £4.111m for Social Care and Benefit Health Reforms. New Homes Bonus funding of £2.544m was also anticipated. Further details of all grants anticipated to be received by the Council were provided in Appendix 3 of the report.

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

It was noted that the reference to Derbyshire Carers Association in Appendix 8 of the report should read Protect Derby Carers Services.

Decision

To recommend to Council the following

1. To approve a budget requirement for Derby City Council for 2013/14 of £223,064,543 subject to confirmation of the final Local Government Settlement expected in February 2013 and finalisation of the Council's Council Tax for 2013/14 which would be presented to Council in March 2013 for approval.
2. To approve for 2013/14 the directorate revenue budget estimates and the net use of reserves of £1.052m (0.47% of the budget) in 2013/14 summarised in Appendix 4a of the report. This included the use of £0.410m (0.18% of budget) of reserves to support the Council's redundancy programme.
3. To approve the measures proposed to manage budget risks in 2013/14 and in future years, including the deliverability of identified savings, 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 savings proposal for 2013/14 and 2014/15 subject to completion and consideration, where relevant, of any further consultation exercises and equality impact assessments.
6. To note changes made to the budget savings proposals as a result of feedback from the consultation process as detailed in paragraph 11.4 of the report.

7. To approve within this total of £223,064,543

Net service estimates of	
Adults, Health and Housing	77,274,000
Chief Executives	2,919,000
Children and Young People	41,108,000
Neighbourhoods	53,048,000
Resources	23,671,000
Corporate and Contingency Budgets	26,096,543

224,116,543

Appropriations to/from reserves (figures in brackets are appropriations from reserves)

Service reserves	(170,000)
Corporate reserves	(882,000)

223,064,543

8. To note the calculation of the Council's Tax Base for the year 2013/14 as 61,622.88 equivalent band D properties, 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 2013/14 in accordance with Sections 33 (1) of the Local Government Finance Act 1992, as revised under Schedule 5 of the Localism Act 2011, and these figures to be taken forward and confirmed at Council in March 2013 as part of the Council Tax Setting report.
- £579,221,543 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2)(a) to (e).
 - (£356,157,000) 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.
 - £233,064,543 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.
 - £152,529,146 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of the redistributed non-domestic rates, business rates top-up grant, revenue support grant and additional corporate government grants.

e. £1,144.63 as the basic amount of it Council Tax for the year, being the amount at (c) above, less the amount at (d) above, all divided by the amount above, calculated by the Council, in accordance with Section 33 of the Act. at 6

f. For the following Valuation Bands:

	£		£
A	763.09	E	1,398.99
B	890.27	F	1,653.35
C	1,017.45	G	1,907.72
D	1,144.63	H	2,289.26

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 Sections 5(1) of the Act, is applicable to all dwellings listed in each particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act.

10. To note the 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, will be presented to Council in March 2013.
11. To note that the Council Tax to be set for 2013/14, being the aggregate of the amount calculated the Council at Appendix 2 of the report and the precepting authorities, in accordance with Section 30 of the Act will be presented to Council in March 2013.
12. To note the revenue budget plans for 2015/16 set out in Section 7 of the report.
13. To note the feedback from the budget consultation detailed in appendices 7 to 11 of the report and approve the Council Cabinet responses to consultation recommendations.
14. To note that the Council will hold a Schools Forum meeting on 31 January 2013, this will directly inform the draft 2013/14 Schools Budget. A report will therefore be presented to Council Cabinet in February 2013 for review and comment.

139/12 Treasury Management Strategy and Prudential Code Indicators 2013/14

The Council Cabinet considered a report on Treasury Management Strategy and Prudential Code Indicators 2013/14. The report outlined the Council's treasury management strategy for the financial year 2013/14. Specifically it covered all borrowing and investment activity undertaken by the Council.

It sought Council approval for the strategy and for the prudential indicators derived from this strategy.

The report also showed the revenue implications of the Council's capital programme, showing how the costs of debt servicing were increasing as a proportion of the Council's overall revenue budget.

Decision

To approve and recommend to Council each of the following five key elements ...

1. The Prudential Indicators and Limits for 2013/14 to 2015/16 contained within the Supporting Information of this report and detailed in Appendix 3 of the report.
2. The Minimum Revenue Provision - MRP - statement shown in section 13.7 of the report.
3. The Treasury Management Strategy 2013/14 to 2015/16 and the Treasury Management Prudential Indicators.
4. The Authorised Limit Prudential Indicator shown in Appendix 3 paragraph 8.4 of the report.
5. The Annual Investment Strategy 2013/14 contained in the treasury management strategy in section 11 of the report.

Contract and Financial Procedure Matters

140/12 Contract and Financial Procedure Matters Report

The Council Cabinet considered a report on Contract and Financial Procedure Matters. The report dealt with the following items that required reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:

- Changes to the capital programme
- Transfer of museum reserves to Derby Museums Trust
- Submission of bid for funding from the European Regional Development Fund
- To extend the Children First supervised contact contract

Decision

1. To approve changes and additions to the capital programme as set out in Appendix 2 and highlighted in section 4 of the report.
2. To note the revised capital programme for 2012/13 in table 1 (paragraph 4.1) of the report.
3. **To recommend Council to approve additional borrowing as detailed in paragraph 4.8 of the report.**
4. To approve the carry forward of addition income received for the Decent and Safe Homes project as detailed in paragraph 4.9 of the report.
5. To approve the use of a specific Revenue Earmarked Reserve for the Resources Directorate capital programme as detailed in paragraph 4.11 of the report.
6. To approve the transfer of £85,867 earmarked reserves to Derby Museums Trust as detailed in section 5 of the report.
7. To approve the submission of a bid of £748,360 to the European Regional Development Fund - ERDF- to deliver the Derby Enterprise Growth project as detailed in section 6 of the report. To delegate authority to the Chief Executive to accept this award should it be granted.
8. To approve a one year contract extension for the Children First supervised contact service as detailed in section 7 of the report. The contract value is £135,815 per annum.