

Time commenced - 6:00 pm  
Time finished - 10:55 pm

## **COUNCIL MEETING 2 MARCH 2011**

Present: The Mayor (Councillor Nath) (in the Chair)  
Councillors Allen, Ashburner, Atwal, Banwait, Barker, Bayliss, Berry, Bolton, Carr, Chera, Davis, Dhindsa, Graves, Grimadell, Harwood, Hickson, Higginbottom, Hird, Holmes, Hussain, Ingall, Jackson, Jennings, Jones, F Khan, S Khan, Leeming, Lowe, Marshall, Naitta, Poulter, Radford, Rawson, Redfern, Repton, Richards, Roberts, Shanker, Skelton, Troup, Tuplin, Turner, Webb, Whitby, Williams, Williamson, F Winter, L Winter, Wood.

### **Apologies for Absence**

Apologies for absence was received from Councillor Batey.

### **Declarations of Interest**

The Director of Legal and Democratic Service stated that personal interests in relation to the budget would be recorded for all Councillors who represented the Council on outside bodies that received Council funding but that a prejudicial interest would only be recorded if individual members declared them. Councillor Williams declared a personal interest in Document 5C (Appendix 6 and 8) (Minute No 78/10).

### **Announcements by the Mayor**

The Mayor announced that, for item 5 on the agenda, he proposed that minutes 195/10, 196/10, 197/10, 198/10 and 200/10 of the Council Cabinet were taken together for the purpose of the budget debate. In accordance with normal practice, he also intended to allow Councillors Bayliss, Jennings and Jones to speak for more than 5 minutes in the budget debate.

The Mayor stated that he had been advised that there were ten Labour Group Amendments and three Liberal Democrat Group Amendments to the Council Cabinet's budget proposals. He therefore proposed to deal with the budget debate in the following manner:

Firstly, the Leader of the Council would make his budget speech, followed by the main budget speeches made by Councillors Bayliss and Jones.

Then he would take the amendments in order that is...

Labour Group amendment 1  
Liberal Democrat Group amendment 1  
Labour Group amendment 2  
Liberal Democrat Group amendment 2  
Labour Group amendment 3  
Liberal Democrat Group amendment 3  
Labour Group amendment 4  
Labour Group amendment 5  
Labour Group amendment 6  
Labour Group amendment 7  
Labour Group amendment 8  
Labour Group amendment 9  
Labour Group amendment 10

There were no objections to the Mayor's proposal.

## 77/10 Minutes of the Previous Meeting

**Resolved that the minutes of the meeting of the Council held on the 19 January 2011 be approved as a correct record, confirmed and signed by the Mayor.**

## 78/10 Minutes and Recommendations of the Council Cabinet

The Council considered the minutes and recommendations of the Council Cabinet requiring approval of the Council of the Council, set out in Appendix A to these minutes.

It was moved by Councillor Jennings, and seconded, to approve the minutes and recommendations of the Council Cabinet dated 15 February 2011 and:

1. To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425.
2. To approve for 2011/12 the directorate revenue budget estimates and use of reserves of £11.572m (5.22% of the budget) in 2011/12 summarised in Appendix 4 of this report. This includes the use of £8.015m (3.62% of budget) of reserves to support the Council's redundancy programme. Repayment of £5.7m of these reserves during 2012/13 and 2013/14 has been included within these budget proposals. It also includes £3.059m from corporate reserves and £0.498m from service reserves (1.60% of budget) to support a balanced budget position.
3. To approve the measures proposed to manage budget

risks in 2011/12 and in future years, including the deliverability of identified savings, levels of service and inflation forecasts as set out in Section 10.

4. To approve within this total of £221,764,425:

	£
Net service estimates of:	
Adults, Health and Housing	73,568,000
Chief Executives	12,414,000
Children and Young People	46,393,000
Neighbourhoods	41,397,000
Resources	13,941,000
Corporate and Contingency	45,623,425
Budgets	
	<hr/> 233,336,425
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
	(498,000)
Service reserves	(3,059,000)
Corporate reserves to support a balanced budget position	(8,015,000)
Corporate reserves to fund redundancies	
	<hr/> 221,764,425 <hr/>

5. To note that, at its meeting on 11 January 2011, the Council calculated the amount of 72,278.83 equivalent band D properties as the Council's Tax Base for the year 2011/12 in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012). This calculation was in line with the Council's decision to freeze 2011/12 Council Tax at 2010/11 levels.
6. To calculate the following amounts for the year 2011/12 in accordance with Sections 33 (1) of the Local Government Finance Act 1993.
  - a £558,341,425 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(2)(a) to (e).
  - b £366,577,000 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(3)(a) and (c) of the Act.
  - c £221,764,425 as its budget requirement for the year, being the amount by which

the aggregate at (a) above exceeded the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act.

d £140,291,005 being the aggregate of the sums which the Council estimates would be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, and additional corporate government grants

e £1,127.21 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 paragraph 5 above, calculated by the Council, in accordance with Section 33 of the Act.

f for the following Valuation Bands:

	£		£
A	751.47	E	1,377.70
B	876.72	F	1,628.19
C	1,001.96	G	1,878.68
D	1,127.21	H	2,254.42

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.

7. To note that for the year 2011/12, Derbyshire Police

Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	109.16	E	200.13
B	127.35	F	236.51
C	145.55	G	272.90
D	163.74	H	327.48

8. To note that for the year 2011/12, Derbyshire Fire Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	44.78	E	82.10
B	52.24	F	97.02
C	59.71	G	111.95
D	67.17	H	134.34

9. Having calculated the aggregate in each case of the amount in paragraphs 6, 7 and 8 above, in accordance with Section 30(2) of the Local Government Finance Act 1992, to set the following amounts as the amounts of Council Tax for the year 2011/12 for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	905.41	E	1,659.93
B	1,056.31	F	1,961.72
C	1,207.22	G	2,263.53
D	1,358.12	H	2,716.24

10. To note the Chief Finance Officer's opinion that:

- (i) The estimates used in the production of the budget proposal for 2011/12 are adequately robust
- (ii) Based on the assessment of the reserves, the key financial risks identified, and the thorough process

used for developing the Medium Term Financial Plan, the level of reserves and balances for 2011/12 is adequate.

11. To note the feedback from the budget consultation and approve the Council Cabinet response to the consultation recommendations at Appendix 6 of the report.
12. To approve the 2011/12 Schools Budget included at Appendix 12 of the report and note the comments from the Schools Forum meeting held on 3 February 2011.
13. To authorise the publication of the requisite notices in accordance with the provisions of Section 38(2) of the Local Government Finance Act 1992.

#### *Amendment 1 – Lost*

It was moved, by Councillor Hussain, and seconded, that paragraph 1 of the motion be amended by the insertion of the words “subject to the Council continuing to run and manage Warwick House and Merrill House and delete completely the budget line on page 33 of Appendix 6 of the Budget Report (Document 5C) titled “Review of Older Peoples’ Care Homes” cost of £430,000, that sum to be funded, if required, by a corresponding reduction in the Corporate Communications, Policy Research and Engagement, and Performance and Improvement (under Chief Executives Office) budget heads of £2.158m.”

(The effect of the amendment, if approved, paragraph 1 of the motion would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to the Council continuing to run and manage Warwick House and Merrill House and delete completely the budget line on page 33 of Appendix 6 of the Budget Report (Document 5C) titled “Review of Older Peoples’ Care Homes” cost of £430,000, that sum to be funded, if required, by a corresponding reduction in Corporate Communications, Policy Research and Engagement, and Performance and Improvement (under Chief Executives Office) budget heads of £2.15m.”)

In accordance with rule CP68 it was demanded by at least 10 Members that a recorded vote be taken on the amendment.

The following Members voted for the amendment:

Councillors Banwait, Bayliss, Bolton, Dhindsa, Higginbottom, Hussain, Jackson, S Khan, Rawson, Redfern, Repton, Roberts, Shanker, Turner, Whitby, Williamson, L Winter (17)

The following Members voted against the amendment:

The Mayor (Councillor Nath); Councillors Allen, Ashburner, Atwal, Barker, Berry, Carr, Chera, Davis, Grimadell, Harwood, Hickson, Hird, Holmes, Ingall, Jennings, Jones, F Khan, Leeming, Lowe, Marshall, Naitta, Poulter, Radford, Richards, Troup, Tuplin, Webb, Williams, F Winter, Wood (31)

Councillors Graves and Skelton abstained (2)

The amendment was declared lost.

*Amendment 2 – Carried.*

It was moved by Councillor Carr, and seconded, that paragraph 1 of the motion be amended by the insertion of the words “subject to reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.”

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU”)

The amendment was put to the meeting and carried.

*Amendment 3 – Lost.*

It was moved by Councillor Dhindsa, and seconded, that paragraph 1 of the motion be further amended by the deletion of all words after £221,764.425 and the insertion in their place of the words “subject to the Council maintaining a viable CCEMU and still delivering a 36% or £265k saving (by reducing staff from 13 to 10.3 FTE) to be funded by means of an amount of £107,573 being used from the Waste Contingency within the Cross Directorate Contingencies of £1.089m in 2011/12 and £440k in 2012/13 and then to be funded through savings against the CCEMU budget in the absence of further budget savings from energy efficiency measures”.

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to the Council maintaining a viable CCEMU and still delivering a 36% or £265k saving (by reducing staff from 13 to 10.3 FTE) to be funded by means of an amount of £107,573 being used from Waste Contingency within Cross

Directorate Contingencies of £1.089m in 2011/13 and £440k in 2012/13 and then to be funded through savings against the CCEMU budget in the absence of further base budget savings from energy efficiency measures”).

In accordance with rule CP68 it was demanded by at least 10 Members that a recorded vote be taken on the amendment.

The following Members voted for the amendment:

Councillors Banwait, Bayliss, Bolton, Dhindsa, Higginbottom, Hussain, Jackson, S Khan, Rawson, Redfern, Repton, Roberts, Shanker, Turner, Whitby, Williamson, L Winter (17)

The following Members voted against the amendment:

The Mayor (Councillor Nath), Councillors Allen, Ashburner, Atwal, Barker, Berry, Carr, Chera, Davis, Grimadell, Harwood, Hickson, Hird, Holmes, Ingall, Jennings, Jones, F Khan, Leeming, Lowe, Marshall, Naitta, Poulter, Radford, Richards, Skelton, Troup, Tuplin, Webb, Williams, F Winter, Wood (32)

Councillor Graves abstained (1)

The amendment was declared lost.

*Amendment 4 – Carried.*

It was moved by Councillor F Khan, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words “subject to reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.”

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for

Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.”)

The amendment was put to the meeting and carried.

*Amendment 5 – Lost.*

It was moved by Councillor Bolton, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words “subject to the Council continuing to run and manage all existing Children’s Centres and not close the six Children’s Centres at a cost of £500,000, the sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m.”

(The effect of the amendment, if approved, was that paragraph 1 of the motion be would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the Council continuing to run and manage all existing Children’s Centres and not close the six Children’s Centres at a cost of £500,000, the sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m)”

In accordance with Rule CP68 it was demanded by at least 10 Members that recorded vote be taken on the amendment.

The following Members voted for the amendment:

Councillors Banwait, Bayliss, Bolton, Dhindsa, Graves, Higgingbottom, Hussain, Jackson, S Khan, Rawson, Redfern, Repton, Roberts, Shanker, Turner, Whitby, Williamson, L Winter (18)

The following Members voted against the amendment:

Councillors Allen, Ashburner, Atwal, Barker, Berry, Carr, Chera, Davis, Grimadell, Harwood, Hickson, Hird, Holmes, Ingall, Jennings, Jones, F Khan, Leeming, Lowe, Marshall, Naitta, Poulter, Radford, Richards, Skelton, Troup, Tuplin, Webb, Williams, Wood (30)

The Mayor (Councillor Nath) and Councillor F Winter abstained (2)

The amendment was declared lost.

*Amendment 6 – Carried.*

It was moved by Councillor Troup, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words “subject to the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection”

(The effect of the amendment if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection”)

The amendment was put to the meeting and carried.

*Amendment 7 – Lost.*

It was moved by Councillor Banwait, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words "subject to the Council continuing to employ 38 School Crossing Patrol officers at a cost of £14,000, that sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m"

(The effect of the amendment if approved, was that paragraph 1 of the motion would read as follows:

"To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.
- d) subject to the Council continuing to employ 38 School Crossing Patrol officers at a cost of £14,000, that sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m")

The amendment was put to the meeting and lost.

#### *Amendment 8 – Lost.*

It was moved by Councillor Rawson, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words "subject to the Council removing the £22k cut shown on page 32 appendix 6 of the budget report (Document 5C) planned for each of the next 3 years from the Derby Advice budget and that sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m."

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

To approve a budget for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.
- d) to the Council removing the £22k cut shown on page 32 appendix 6 of the budget report (Document 5C) planned for each of the next 3 years from the Derby Advice budget and that sum to be funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m")

The amendment was put to the meeting and lost.

**Resolved, on the motion of Councillor Holmes, that, in accordance with Rule CP10, the meeting be extended beyond four hours.**

*Amendment 9 – Withdrawn.*

An amendment to be proposed by Councillor Bayliss, relating to Shaftesbury Leisure Centre, was withdrawn by the proposer.

*Amendment 10 – Lost.*

“It was moved by Councillor Dhindsa, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words “subject to the Council continuing to run the Family Intervention Project and the Families in Crisis at a cost of £153,000, that sum to be funded by a corresponding reduction in the Legal budget (Under Resources Revenue budget) of £1.078m and Corporate Communications, Policy

Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m.”

(The effect of the motion, if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget for Derby City Council for 2011/12 of £221,764,425 subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.
- d) subject to the Council continuing to run the Family Intervention Project and the Families in Crisis at a cost of £153,000, that sum to be funded by a corresponding reduction in the Legal budget (Under Resources Revenue budget) of £1.078m and Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m”)

The amendment was put to the meeting and lost.

#### *Amendment 11 – Lost.*

It was moved by Councillor Banwait, and seconded, that paragraph 1 of the motion be further amended by the insertion of the words “subject to the Council continuing to employ 1.5 posts in Traffic Management & Road Safety and maintain the current level of scheme implementation for projects at a cost of £37,000, that sum to funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m.”

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

“To approve a budget for Derby City Council for 2011/12 of £221,764,425 subject to:

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- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.
- d) the Council continuing to employ 1.5 posts in Traffic Management & Road Safety and maintain the current level of scheme implementation for projects at a cost of £37,000, that sum to funded by a corresponding reduction in the Corporate Communications, Policy Research & Engagement, and Performance & Improvement (Under Chief Executives Office) budget heads of £2.158m")

The amendment was put to the meeting and lost.

#### *Amendment 12 – Lost.*

It was moved by Councillor Jackson, and seconded, that the motion be amended by the insertion of the following words between "15 February 2011" and "and":

"subject to the amendment of paragraph 1 of the resolution in Minute No. 197/10 to read: ' To approve the capital programme for 2011/12 and the indicative capital programme for 2012/13 and 2013/14 as set out in the report, subject to an amendment to provide that the £45m to deliver the Council's leisure strategy along with the £5m earmarked from 2014/15 be re allocated as follows:

- £25 million for the new 50 metre pool
- £2.5 million Moorways stadium track refurbishment
- £22.5 million to be allocated to invest in additional social housing pending a full options appraisal by officers.

A summary was shown in Appendix 2 of the report."

(The effect of the amendment, if approved, was that paragraph 1 of the resolution in Council Cabinet minute number 197/10 would read as follows:

' To approve the capital programme for 2011/12 and the indicative capital programme for 2012/13 and 2013/14 as set out in the report, subject to an amendment to provide that the £45m to deliver the Council's leisure strategy along with the £5m earmarked from 2014/15 be re allocated as follows:

- £25 million for the new 50 metre pool
- £2.5 million Moorways stadium track refurbishment
- £22.5 million to be allocated to invest in additional social housing pending a full options appraisal by officer.

A summary was shown in Appendix 2 of the report.”)

The amendment was put to the meeting and lost.

#### *Amendment 14 – Lost.*

It was moved by Councillor Dhindsa, and seconded, that paragraph 1 of the motion be amended by the insertion of the words “subject to the Council setting aside a one off bridging fund of £0.845m for Derby's Voluntary Sector grant funded organisations from General Reserves pending representations to Central Government to meet their financial commitment to the Big Society agenda.”

(The effect of the amendment, if approved, was that paragraph 1 of the motion would read as follows:

To approve a budget requirement for Derby City Council for 2011/12 of £221,764,425, subject to:

- a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.
- b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.
- c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.
- d) the Council setting aside a one off bridging fund of £0.845m for Derby's Voluntary Sector grant funded organisations from General Reserves pending representations to Central Government to meet their financial commitment to the Big Society agenda”)

The amendment was put to the meeting and lost.

**Resolved, to approve the minutes and recommendations of the Council Cabinet dated 15 February 2011 and:**

- 1. To approve a budget requirement for Derby City Council for 2011/12 for £221,764,425 subject to:**
  - a) reducing the savings on Climate Change, included on page 34 of Appendix 6 (Document 5C), by £50,000 to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 with permanent reductions in expenditure on energy, or failing that by reductions in posts within CCEMU.**
  - b) reducing the saving on transferring the Shaftesbury Leisure Centre to the third sector, shown on page 37 of Appendix 6 (Document 5C), from £100,000 to £50,000, to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, shown on page 39 of Appendix 6 (Document 5C), thereby allowing sufficient time to examine all options before a final decision is taken by the Council Cabinet.**
  - c) the reversal of the saving of £60,000 on Wild Derby, shown on page 39 of Appendix 6 (Document 5C), to be funded by bringing forward the saving of £293,000 for Community Transport from 2012/13 to 2011/12, also shown on page 39 of Appendix 6 (Document 5C). This will be replaced in 2012/13 by £60,000 permanent savings in refuse collection.**
- 2. To approve for 2011/12 the directorate revenue budget estimates and use of reserves of £11.572m (5.22% of the budget) in 2011/12 summarised in Appendix 4 of this report. This includes the use of £8.015m (3.62% of budget) of reserves to support the Council's redundancy programme. Repayment of £5.7m of these reserves during 2012/13 and 2013/14 has been included within these budget proposals. It also includes £3.059m from corporate reserves and £0.498m from service reserves (1.60% of budget) to support a balanced budget position.**
- 3. To approve the measures proposed to manage budget risks in 2011/12 and in future years, including the deliverability of identified savings, levels of service and inflation forecasts as set out in Section 10.**
- 4. To approve within this total of £221,764,425:**

**£**

**Net service estimates of:**

Adults, Health and Housing	73,568,000
Chief Executives	12,414,000
Children and Young People	46,393,000
Neighbourhoods	41,397,000
Resources	13,941,000
Corporate and Contingency Budgets	45,623,425
	<hr/>
	233,336,425
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
	(498,000)
Service reserves	(3,059,000)
Corporate reserves to support a balanced budget position	(8,015,000)
	<hr/>
Corporate reserves to fund redundancies	221,764,425
	<hr/>

5. To note that, at its meeting on 11 January 2011, the Council calculated the amount of 72,278.83 equivalent band D properties as the Council's Tax Base for the year 2011/12 in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012). This calculation was in line with the Council's decision to freeze 2011/12 Council Tax at 2010/11 levels.
6. To calculate the following amounts for the year 2011/12 in accordance with Sections 33 (1) of the Local Government Finance Act 1993.
  - a £558,341,425 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(2)(a) to (e).
  - b £366,577,000 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(3)(a) and (c) of the Act.
  - c £221,764,425 as its budget requirement for the year, being the amount by which the aggregate at (a) above exceeded the aggregate at (b) above, calculated by the Council, in accordance with

**Section 32(4) of the Act.**

**d   £140,291,005   being the aggregate of the sums which the Council estimates would be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, and additional corporate government grants**

**e   £1,127.21   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 paragraph 5 above, calculated by the Council, in accordance with Section 33 of the Act.**

**f   for the following Valuation Bands:**

	<b>£</b>		<b>£</b>
<b>A</b>	<b>751.47</b>	<b>E</b>	<b>1,377.70</b>
<b>B</b>	<b>876.72</b>	<b>F</b>	<b>1,628.19</b>
<b>C</b>	<b>1,001.96</b>	<b>G</b>	<b>1,878.68</b>
<b>D</b>	<b>1,127.21</b>	<b>H</b>	<b>2,254.42</b>

**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.**

7. To note that for the year 2011/12, Derbyshire Police Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	109.16	E	200.13
B	127.35	F	236.51
C	145.55	G	272.90
D	163.74	H	327.48

8. To note that for the year 2011/12, Derbyshire Fire Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	44.78	E	82.10
B	52.24	F	97.02
C	59.71	G	111.95
D	67.17	H	134.34

9. Having calculated the aggregate in each case of the amount in paragraphs 6, 7 and 8 above, in accordance with Section 30(2) of the Local Government Finance Act 1992, to set the following amounts as the amounts of Council Tax for the year 2011/12 for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	905.41	E	1,659.93
B	1,056.31	F	1,961.72
C	1,207.22	G	2,263.53
D	1,358.12	H	2,716.24

10. To note the Chief Finance Officer's opinion that:

- (i) The estimates used in the production of the budget proposal for 2011/12 are adequately robust

- (ii) Based on the assessment of the reserves, the key financial risks identified, and the thorough process used for developing the Medium Term Financial Plan, the level of reserves and balances for 2011/12 is adequate.**

- 11. To note the feedback from the budget consultation and approve the Council Cabinet response to the consultation recommendations at Appendix 6 of the report.**
- 12. To approve the 2011/12 Schools Budget included at Appendix 12 of the report and note the comments from the Schools Forum meeting held on 3 February 2011.**
- 13. To authorise the publication of the requisite notices in accordance with the provisions of Section 38(2) of the Local Government Finance Act 1992.**

## **79/10      The Derby Plan 2011-2026 and the Council    Plan                  2011-2014**

The Council considered a report of the Chief Executive on the Derby Plan 2011-2026 and the Council Plan 2011-2014.

**Resolved, on the motion of Councillor Jennings:**

- 1.      To approve the adoption of the eight outcomes listed in Appendix 2 as the Council's own priorities.**
- 2.      To delegate authority to the Chief Executive to make any final amendments to the Derby Plan and Council Plan, in consultation with the Leader of the Council.**
- 3.      To adopt the Derby Plan and the Council Plan, subject to final amendments.**

Mayor



## **APPENDIX A**

<b>MINUTES OF COUNCIL CABINET REQUIRING THE APPROVAL OF COUNCIL</b>
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### **COUNCIL CABINET 15 FEBRUARY 2011**

Present                                      Councillor Holmes (Chair)  
   Councillors Grimadell, Ingall, Marshall, Poulter and Webb

In attendance                              Councillors Bayliss and Jones

This record of decisions was published on 17 February 2011. The key decisions set out in this record will come into force and may be implemented on the expiry of five clear days unless a key decision is called in.

## **Budget and Policy Framework**

195/10      Recommendations from the Overview and Scrutiny  
                 Commission on the draft Revenue and Capital  
                 Budgets 2011/12 – 2013/14

The Council Cabinet considered a report on recommendations from the Overview and Scrutiny Commissions on the draft Revenue and Capital Budgets 2011/12 – 2013/14.

The Revenue Budget proposals were considered by the five Overview and Scrutiny Commissions at their meetings in January/February 2011. The Capital Budget proposals were considered by the Scrutiny Management Commission on 1 February.

Appropriate Cabinet Members and chief officers were supplied with the individual commissions' recommendations immediately after the wording was finalised by the respective chair and vice chair. This repeated the practice trialled in 2010 and allowed the fullest consideration to be given to the scrutiny input.

The recommendations of the individual Commissions and the reasons for those recommendations were as set out in the Appendices to the report.

The process set out in the Budget and Policy Framework Procedure Rules required the Cabinet to formally consider the reports of the overview and scrutiny commissions and report to Council on how it had taken into account any recommendations made.

The Council Cabinet also considered a supplementary report from the Scrutiny Management Commission on Stage 2 of the Revenue Budget Proposals and a response from the Council Cabinet to the recommendations.

## **Decision**

To take the recommendations of the overview and scrutiny commissions into account when considering the capital and revenue budgets (minutes nod 196/10 and 197/10).

## **196/10     General Revenue Budget and Council Tax 2011/12**

The Council Cabinet considered a report on General Revenue Budget and Council Tax 2011/12. The report set out proposals to recommend to Council a net budget requirement of £221,748,425 in 2011/12. The report also set out budget proposals for 2012/13 and 2013/14 as part of the Council's Medium Term Financial Plan (MTFP). The Council had outlined permanent saving requirements of £57m over three years to meet rising costs, maintain priority services and invest for the future. These savings targets of £24.7m in 2011/12, £18.7m in 2012/13 and £13.6m in 2013/14 excluded one-off savings needed to meet redundancy pressures. Savings would be delivered from a combination of the Council's one Derby, one council efficiency programme (ODOC), 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)

- resources available, linked to the local government finance settlement, including council tax and significant changes to government funding (Section 5)
- the budget proposals for 2011/12, how they have changed since proposals were released for consultation and how they relate to the Council's corporate outcomes (Section 6)
- the Council's corporate reserves position (Section 10)
- communication and consultation including feedback (Section 11)

A separate report providing details of the latest estimated outturn position 2010/11 and treatment of variances was presented as Item 29 to this meeting. The Council's notified grant settlement from central government for 2011/12 was £138.872m. The Council also anticipated receiving a new grant for New Homes Bonus of £0.988m in 2011/12, although this had not been confirmed. Total grant settlement from central government was therefore expected to be £139.860m. Included in the appendices was summarised budget information that together with the text of the report constitutes the full budget proposal.

## Decision

To recommend to Council the following ...

1. To approve a budget requirement for Derby City Council for 2011/12 of £221,748,425.
2. To approve for 2011/12 the directorate revenue budget estimates and use of reserves of £11.588m (5.23% of the budget) in 2011/12 summarised in Appendix 4 of the report. This included the use of £8.015m (3.62% of budget) of reserves to support the Council's redundancy programme. Repayment of £5.7m of these reserves during 2012/13 and 2013/14 had been included within these budget proposals. It also included £3.075m from corporate reserves and £0.498m from service reserves (1.61% of budget) to support a balanced budget position.
3. To approve the measures proposed to manage budget risks in 2011/12 and in future years, including the deliverability of identified savings, levels of service and inflation forecasts as set out in Section 10 of the report.
4. To approve within this total of £221,748,425:

	£
Net service estimates of:	
Adults, Health and Housing	73,568,000
Chief Executives	12,414,000
Children and Young People	46,393,000
Neighbourhoods	41,397,000
Resources	13,941,000
Corporate and Contingency Budgets	45,623,425

	<u>233,336,425</u>
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Service reserves	(498,000)
Corporate reserves to support a balanced budget position	(3,075,000)
Corporate reserves to fund redundancies	<u>(8,015,000)</u>
	<u>221,748,425</u>

5. To note that, at its meeting on 11 January 2011, the Council calculated the amount of 72,278.83 equivalent band D properties as the Council's Tax Base for the year 2011/12 in accordance with the Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003 (SI 2003/3012). This calculation was in line with the Council's decision to freeze 2011/12 Council Tax at 2010/11 levels.
6. To calculate the following amounts for the year 2011/12 in accordance with Sections 33 (1) of the Local Government Finance Act 1993.
  - a. £558,341,425 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(2)(a) to (e).
  - b. £366,593,000 being the aggregate of the amounts which the Council estimated for the items set out in Section 32(3)(a) and (c) of the Act.
  - c. £221,748,425 as its budget requirement for the year, being the amount by which the aggregate at (a) above exceeded the aggregate at (b) above, calculated by the Council, in accordance with Section 32(4) of the Act.
  - d. £140,275,005 being the aggregate of the sums which the Council estimates would be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, and additional corporate government grants
  - e. £1,127.21 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 2.6 above, calculated by the Council, in accordance with Section 33 of the Act.

f. for the following Valuation Bands:

	£		£
A	751.47	E	1,377.70
B	876.72	F	1,628.19

C 1,001.96                      G 1,878.68

D 1,127.21                      H 2,254.42

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.

7. To note that for the year 2011/12, Derbyshire Police Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	**	E	**
B	**	F	**
C	**	G	**
D	**	H	**

8. To note that for the year 2011/12, Derbyshire Fire Authority had stated the following in a precept to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	**	E	**
B	**	F	**
C	**	G	**
D	**	H	**

9. Having calculated the aggregate in each case of the amount in 2.7, 2.8 and 2.9 of the report, in accordance with Section 30(2) of the Local Government Finance Act 1992, to set the following amounts as the amounts of Council Tax for the year 2011/12 for each of the categories of dwellings shown below:

All dwellings in Valuation Band:

	£		£
A	**	E	**
B	**	F	**
C	**	G	**
D	**	H	**

10. To note the revenue budget plans for 2012/13 and 2013/14 set out in section 6 of the report.
11. To note the feedback from the budget consultation and approve the Council Cabinet response to the consultation recommendations at Appendix 6 of the report.
12. To approve the 2011/12 Schools Budget included at Appendix 12 of the report and note the comments from the Schools Forum meeting held on 3 February 2011.
13. To authorise the publication of the requisite notices in accordance with the provisions of Section 38(2) of the Local Government Finance Act 1992.

## 197/10 Capital Programme 2011-14

The Council Cabinet considered a report on Capital Programme 2011-14. The report set out the 2011/12 to 2013/14 capital programme for recommendation to Council on 2 March 2011. The main areas of the £274m programme over the next three years were ...

- £32m for the Council's accommodation strategy funded from corporate unsupported borrowing.
- £11.8m capital implementation costs for computer applications and infrastructure to deliver the Council's one Derby one Council transformation programme funded from capital receipts.
- £45m 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. A further £5m would be required in 2014/15 to complete the full £50m programme.
- £25m to deliver the jointly funded waste disposal plant alongside Derbyshire County Council funded from service financed unsupported borrowing.
- £65m Children and Young People's Directorate programme including the Building Schools for the Future schools and the Primary Capital programme; repairs, maintenance and improvements to the fabric of school buildings and devolved

funding to schools, of which the majority was funded from specific grants together with supported borrowing and external contributions.

- £46.5m Housing programme. Many council-owned houses would get new PVCu windows and doors, new kitchens and bathrooms, heating systems and other repair and refurbishment work, funded through £34.6m from the Housing Revenue Account. A further £12.4m for the Housing General Fund mainly funded from government grants would enable the continuation of schemes including the delivery of decent homes and assistance to vulnerable householders, disabled facilities grants, other repairs and assistance in the private sector and support for affordable housing.
- £17m Local Transport Plan - LTP- of which £10m was funded from government grants to help deliver improvements to integrated transport systems, including strategic public transport schemes, better traffic management and improvements to roads in neighbourhoods, and to maintain the transport infrastructure including money for carriageway and footway maintenance and to repair bridges and other structures. An allocation had been bid for and scored in the top priorities to spend £7.4m on the London Road Bridge replacement £5.4m of which would be funded from Department for Transport (DfT) grant. As well as the block programme, a further £1.7m for Connecting Derby would be spent funded mainly from the DfT grant.
- £4.4m for maintenance of the Council's buildings and infrastructure, including roof repairs - Market Hall and Wardwick museum, structural repairs, fire precaution works, window replacement programme, replacement air conditioning units and community centre repairs.
- £7.7m for the extracare programme for the elderly in our Adults Social Care and Housing service.

Following the Governments Spending Review announcements the Single Capital Pot allocations were reduced and the report outlined the approach taken to produce a balanced capital programme which met the corporate priorities as well as setting aside funding for planned maintenance of the Council's buildings. A bidding process had taken place for new schemes against the Single Capital Pot allocations for the three years 2011/12 – 2013/14 using a scoring mechanism against prescribed criteria. The report also outlined the potential financial risks relating to the Council's VAT partial exemption calculation arising from the leisure strategy. Delivery of the capital schemes within the strategy would need to be spread over a number of years to avoid the Council incurring significant VAT costs. Further work was needed to develop the options to alleviate this risk.

## **Decision**

To recommend to Council the following ...

1. To approve the capital programme for 2011/12 and the indicative capital programme for 2012/13 and 2013/14 as set out in the report. A summary was shown in Appendix 2 of the report.

2. To note the rigorous process of review undertaken on the current 2010/11 – 2012/13 capital programme to generate revenue and capital savings and drive forward those schemes the Council is committed to delivering. Schemes which were not contractually committed and were to be removed from the capital programme, would generate savings and were shown in Appendix 3 of the report. Schemes that had non ring fenced funding that had not been allocated to specific projects and had been removed from the programme were shown in Appendix 4 of the report.
3. To approve the use of the revenue budget forecast savings totalling £3.8m anticipated by rephasing the priority projects and aborting schemes listed in Appendix 3 and 4 of the report, to support the 2011-14 revenue budget.
4. To approve the schemes identified as part of the review of the programme, as detailed in Appendix 3 and 4 of the report, were removed from the capital programme to help generate revenue and capital savings.
5. To approve the top slicing of the available funding, as detailed in paragraph 5.5 of the report, to ensure that there was a sum set aside each year for planned maintenance including community centres.
6. To agree the schemes which had been previously identified as Corporate Priorities as detailed in paragraph 4.9 and Appendix 5 of the report.
7. To approve the allocation of the balance of funding available to the capital schemes from the Single Capital Pot allocations listed in Table 2 for the full list of bids, detailed in Appendix 6 of the report, that had been prioritised by the Strategic Asset Management Group as well as with consultation with Chief Officer Group and Leadership in line with an agreed scoring criteria.
8. To note the potential VAT partial exemption implications of the Leisure Strategy.

At this point Councillor Marshall took the Chair

## 198/10 Housing Rents and Service Charges

The Council Cabinet considered a report on Housing Rents and Service Charges. The Government originally set a policy to restructure social housing rents over the 10 year period 2002/03 to 2011/12. The process involved moving rents incrementally towards a target so that at the end of the restructuring period, council housing rents would be in line with those of other Registered Social Landlords – RSLs – this was known as ‘rent convergence’.

The period of rent restructuring had changed a number of times during the life of the policy, due to the impact of changes in the rate of inflation and Government intervention in terms of rent limitation and capping. Currently, it was anticipated that rents would converge within five years, by 2015/16 – although this date could change

again depending on inflation levels and a shift in government policy. If Housing Revenue Account (HRA) reform takes place as anticipated, with effect from April 2012, it was likely this date would be fixed. Our rent proposals for 2010/11 included the 'un-pooling' or separation of service charges for Smoke Alarms and Grounds Maintenance. There was no further un-pooling of service charges proposed for 2011/12. Government Policy was to establish the percentage average guideline increase by applying RPI inflation at the previous September and a convergence factor to reflect the number of years to rental convergence with the Housing Association sector. The RPI inflation rate for 2011/12 was the rate at September 2010, that was 4.6%.

This produced an average guideline rent increase for 2011-12 of 6.8%. Derby's rents were below guideline and applying the RPI inflation and convergence factors implies an actual average increase of 7.4% although there would be a wide variation in individual rents, as there always was under rent restructuring. Some tenants would have their weekly rent increase limited to RPI +0.5% +£2. For a tenant paying the average rent this would mean an increase of around 8.4% or £5 a week. It was proposed to increase most service charges by RPI + 0.5%, total 5.1% in 2011/12. There were some exceptions to this where lower increases in actual cost had been experienced – notably in grounds maintenance. The full set of new charges were set out in Table 3 in the report. Garage and other rents were proposed to be increased by the average rent increase of 7.4%. Turnover and around 1000 homes a year fall void and were re-let. It was proposed to set re-let rents at target rent straight away rather than an incremental movement. This would increase the income received by the HRA. If this policy was adopted it was estimated that it would generate around £130,000 in the first year and £300,000 in 2012/2013. It was proposed to increase energy charges by 5.1%. It was proposed to increase pitch fees at Shelton Lock Mobile Home Park by RPI plus – subject to residents' agreement – a further £2 a week to help finance the development of the site.

## **Decision**

To recommend Council to approve revision of rent and service charges from 4 April 2011 on the basis set out in the report including:

- an average overall weekly rental increase of £4.34 or 7.4% calculated over 52 weeks, plus
- an increase in most Service Charges of 5.1% with some – mostly lower – exceptions as set out in Table 3 of the report.
- To revise service charges for cleaning to cost as soon as possible during 2011/12
- To implement a recommendation from Housing Boards to move blocks from fortnightly cleaning to weekly cleaning except where a majority of residents have objected.
- increasing rents to target level for all new tenancies
- an increase in Garage Rents and other rents of 7.4%
- To continue the policy last year of increasing utility charges in category 2 sheltered housing by 10% a year - where these are below cost - until the charges reach actual cost.

- an increase of RPI in pitch fees at Shelton Lock Mobile Home Park plus a further £2 a week to help finance the development of the site.

## **Declarations**

Having declared personal and prejudicial interests in the above item Councillor Holmes and Ingall left the meeting during the discussion and voting thereon.

Following consideration of this matter Councillor Holmes re took the Chair.

## **200/10 Treasury Management Strategy and Prudential Code Indicators 2011/12**

The Council Cabinet considered a report on Treasury Management Strategy and Prudential Code Indicators 2011/12. The report outlined the Council's prudential indicators for 2011/12 – 2013/14 and sets out the expected treasury operations for this period. It fulfilled four key legislative requirements:

- The reporting of the prudential indicators setting out the expected capital activities and treasury management activity as required by the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management Code of Practice.
- The setting out of the Council's Minimum Revenue Provision policy, determining how the Council would pay for capital assets through revenue each year as required by the Local Government and Public Involvement in Health Act 2007.
- The statement of the Council's treasury management strategy which sets out how the Council would support the capital strategy by managing day-to-day cashflow and placing limitations on activity through treasury prudential indicators.

The key indicator is the 'Authorised Limit', the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This was the Affordable Borrowing Limit required by section 3 of the Local Government Act 2003. This was in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code and shown at Appendix 2 of the report. The investment strategy which set out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy was in accordance with the Department for Communities and Local Government's – CLG - Investment Guidance. The above policies and parameters provide an approved framework within which Council officers would undertake the day-to-day capital and treasury activities. However, it was vital that Council members adopt an active role and scrutinise this framework according to their own concerns about the Council's finances, especially in light of the ongoing economic instability, and recent problems in the finance sector of both the UK and the rest of Europe.

## **Decision**

To recommend Council to approve each of the five key elements of this report:

1. The Prudential Indicators and Limits for 2011/12 to 2013/14 contained within the Supporting Information of this report and summarised in Appendix 2 of the report.
2. The Minimum Revenue Provision - MRP - statement shown at paragraph 5.10 of the report, which set out the Council's policy on MRP.
3. The Treasury Management Strategy 2011/12 to 2013/14, and the Treasury Management Prudential Indicators contained within Appendix 3 of the report.
4. The Authorised Limit Prudential Indicator shown in Appendix 3 paragraph 4.4 of the report.
5. The Investment Strategy 2011/12 contained in the treasury management strategy in Appendix 3 of the report, which recommended a slight relaxation of the investment limits set on the Council's current bank.