

MINUTES OF COUNCIL CABINET REQUIRING  
THE APPROVAL OF COUNCIL

**DOCUMENT 9**

**COUNCIL CABINET  
15 AUGUST 2012**

Present: Councillor Bayliss (Chair)  
Councillors Banwait, Dhindsa, Hussain, Rawson, Repton,  
Russell and Shanker

In attendance: Councillors Jones and Williams

This record of decisions was published on Friday 17 August 2012. 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.

**50/12 Medium Term Financial Strategy 2013/14 to 2015/16**

The Council Cabinet considered a report on Medium Term Financial Strategy 2013/14 to 2015/16. This report outlined the medium term financial strategy - MTFS - for the revenue and capital budget over the three year period 2013/14 to 2015/16. The purpose of the Medium Term Financial Strategy was to ensure that the overall vision, objectives and outcomes sought for the local community were deliverable within the resources that were available or likely to be available in the medium term.

The Council had already been subjected to a significant reduction in its funding under the Government's deficit reduction policy. They were preparing this Medium Term Financial Strategy (MTFS) against a backdrop of significant uncertainty emerging from further Government changes in areas including Welfare Reform, business rates and potential further reductions in government grants. In addition they were endeavouring to model the impacts of the census data currently being released together with their own predictions around demographic growth. It was almost inevitable that the predictions would change as further government guidance was issued and funding announcements were made.

Each year there was the short-term requirement to prepare an annual budget and set the council tax. The achievement of the City Council's longer term objectives however, required service and financial planning to be undertaken over more than one year. The MTFS therefore looked to take into account the longer term implications of the key issues facing the Council.

The key issues included:

- the current financial climate and current Medium Term Financial Plan - MTFP, outlined in section 4
- forecast Government funding and potential volatility, outlined in section 5
- the 2012/13 in year forecast position, outlined in paragraph 6.3
- risk planning, outlined in sections 6 and 7

- revenue reserves, outlined in section 8
- the approach to delivering savings to set a balanced budget, outlined in section 9
- the potential HR implications, outlined in section 10
- the 2013-16 capital strategy, outlined in section 11
- the next steps and budget timetable, outlined in section 12.

Actions to address the budget gaps arising in 2013/14 to 2015/16 would be developed during the next few months and scrutinised by Cabinet, prior to consultation in the autumn.

The funding position facing the Council over the next three years would be investigated further to ensure that the service levels adopted for future years were in line with the funding available.

After the successful delivery of the Council's ambitious timetable for the Medium Term Financial Plan 2012/13, a similar timetable had been set for delivering the 2013/14 MTFP. This was a positive step to ensure that actions were implemented in time to support prompt delivery of budget savings.

There were a number of overarching principles underlying the Medium Term Financial Strategy, which were designed to support the delivery of a balanced budget position. These broad principles included:

- determining an approach which allowed the Council to set its budget in December 2012, whilst allowing sufficient scope for variations in actual government funding receivable from the planning assumptions made
- providing early information to major preceptors to allow robust financial planning to be undertaken by Derbyshire Fire and Police Authorities.
- determining what the Council would look like in three years time in terms of service delivery, to support Council priorities within resource constraints
- ensuring relevant HR issues are considered and built into the MTFP timetable
- determining the broad capital strategy for the Council to allow associated revenue costs to be included in the MTFP.

## **Options Considered**

There was a statutory requirement to set a balanced budget for 2013/14. A range of options to achieve this would be considered during the budget planning process.

## **Decision**

1. To note the estimated financial position and funding gaps for 2013-16, and the assumptions included within these forecasts, as set out in sections 4 and 5.
2. To approve the key principles underlying the budget process outlined in paragraphs 1.7, 9.5 and 10.2.

3. To note the budget risks associated with the MTFS, as set out in section 6.
4. To approve the proposed financial methodology to identify service savings over the next three years, as set out in section 9.
5. To approve the proposed treatment for future years' capital receipts and the replacement of programmed future years receipts with prudential borrowing where the asset life dictates it is financially sound to do so, as set out in section 11.
6. To approve the outline timetable set out in paragraph 12.6.
7. To recommend that full Council approve this strategy on 19 September 2012.

### **Reasons**

1. To gain Council Cabinet approval to the approach to formulating the budget plan for 2013-16, in order to develop savings options for consultation later in the year.
2. To gain Council Cabinet approval for the budget and restructuring timetables, to ensure that the outcomes of restructures dovetail into other budget saving processes.
3. To comply with statutory obligations in respect of consultation, to ensure positive engagement with the trade unions and to provide clarity for employees.

## **52/12      Quarter 1 Capital Monitoring 2012/2013**

The Council Cabinet considered a report on Quarter 1 Capital Monitoring 2012/2013. This report provided details of the latest financial position and projected capital outturn for the 2012/13 Capital Programme based on scheme progress and changes to funding to Quarter 1 - 2012/13.

The Council was currently forecasting an expected Capital programme of £117,643,000 by 31 March 2013, after reflecting revisions to the Capital programme of (£15,774,000) requested in this report.

The funding for the forecasted capital expenditure comes from grants and contributions (£38,090,000), borrowing including government supported borrowing (£57,902,000), Housing major repairs allowance (£8,130,000), capital receipts (£6,640,000), revenue and revenue reserves (£6,316,000), and capital reserves (£565,000).

### **Options Considered**

There were no other options considered.

### **Decision**

1. To approve changes and additions to the capital programme as set out in Appendix 2 and highlighted in section 5 as well as approving the allocations from the corporate contingency budget as detailed in paragraph 5.7 and 5.8.
2. To note the revised programme for 2012/13 in table 1 (paragraph 5.1) and the revised indicative programme for 2012/13-2014/15 as shown in table 2 (paragraph 5.13).
3. To note the changes to 2012/13 capital funding as set out in section 6.
4. To request that the additional borrowing for the Leisure Strategy detailed in paragraph 5.4 and additional borrowing for the Regeneration Fund detailed in paragraph 5.7 is approved at full Council on 19 September 2012.
5. To approve the submission of a Stage 2 application to the Heritage Lottery Fund for capital and revenue funding for the restoration and improvement of Markeaton Park, detailed in paragraph 5.5 and to approve the submission to other external funding bodies as a contribution to the match funding needed for the project.
6. To note the high profile capital budgets and spend to date as set out in sections 7 and 8 and Appendix 4.
7. To approve the revised Local Authority Co-ordinated Voluntary Aided Schools Programme - LCVAP - as set out in Appendix 5 and detailed in paragraph 7.3.

## **Reasons**

1. To update Council Cabinet of the Council's capital programme as at Quarter 1 and to provide a forecast of the projected capital outturn for 2012/13.
2. To comply with the agreed strategy of reporting capital monitoring figures on a quarterly basis to Council Cabinet for approval and action as necessary.

To comply with the Council's Contract and Financial Procedure rules regarding approval for proposed changes to the capital programme.