

## ITEM 6

Time began: 6.00pm

Time ended: 7.32pm

**COUNCIL CABINET**  
**18 February 2015**

Present Councillor Hussain (Chair)  
Councillors Afzal, Banwait, Martin, Repton, Russell and Shanker

In attendance            Councillors Graves, Holmes and Jones

This record of decisions was published on 20 February 2015. 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.

142/14 Appointment of Chair

In the absence of the Chair, Councillor Hussain was appointed Chair for the meeting.

## 143/14 Apologies

Apologies for absence were received from Councillors Hickson and Rawson.

144/14 Late Items Introduced by the Chair

There were no late items.

## 145/14      Receipt of Petitions

There were no petitions received.

146/14 Identification of Urgent Items to which Call In will not apply

There were no items.

## 147/14      Declarations of Interest

There were no declarations of interest.

148/14 Minutes of the meetings held on 21 January 2015

The minutes of the meetings held at 3pm and 6pm on 21 January 2015 were agreed as a correct record and signed by the Chair.

## Key Decisions

### 149/14 Authorisation of Revision to the Derby City Council Tenancy Agreement for Council Housing Tenants

The Council Cabinet considered a report on Authorisation of Revision to the Derby City Council Tenancy Agreement for Council Housing Tenants. Tenancies provided by Derby City Council were either introductory or secure tenancies. Introductory tenancies were provided to new social housing tenants and remained in place for one year, at which point the tenants became secure tenants (unless the Council had extended the introductory period of the tenancy by 6 months, or had started possession proceedings in the County Court). All other council tenants had secure tenancies. Secure and Introductory tenancies were constituted under the Housing Act 1985 and Housing Act 1996 respectively which set out the legal framework within which the Council's Tenancy Agreement had been produced.

The Tenancy Agreement was the legal agreement between the landlord and the tenant, and contained the statutory and contractual rights and responsibilities for both parties as set out within the terms and conditions of the Agreement. The current Tenancy Agreement had been in use since 2002 with minor amendments being made from time to time. It was recognised as good practice to review the terms and conditions on a regular basis to make sure they complied with legislation and best practice.

As such, following a review of the current terms and conditions, and the statutory consultation process, the report set out proposed revisions to the Tenancy Agreement.

#### **Options Considered**

No further options were applicable

#### **Decision**

To approve the proposed revisions to the Tenancy Agreement summarised within the Supporting Information and adopt the revised Tenancy Agreement set out at Appendix 2 of the report.

#### **Reasons**

The proposed revisions to the Tenancy Agreement took account of prevailing legislation and good practice.

## 150/14 Consultation on the Future Viability of Castle Nursery School

The Council Cabinet considered a report on the Consultation on the Future Viability of Castle Nursery School. Castle Nursery School was one of eight maintained nursery schools within the City, located on the outskirts of the Arboretum ward. It had an 'outstanding' Ofsted judgement and delivered funded places for three and four year olds. As reported to Council Cabinet on 19 November 2014, the future viability of Castle Nursery was a concern due to static low numbers on roll over the last eight years, with only 23 children currently accessing a place at the nursery. Castle Nursery had the capacity to accommodate 80 children so the current vacant occupancy level based on this, would be 71%. However, the nursery for a number of years had operationally looked to deliver 52 funded places so the more realistic vacant occupancy level was 56%.

Initial consultation had now taken place on proposals to consider the future viability of Castle Nursery School, as detailed in paragraph 4.4 of the report. Consultation was undertaken over a six week period, with the consultation document circulated widely to all key stakeholders and interested parties. A summary of responses received were outlined in Appendices 2 and 3 of the report, and a copy of the Consultation Document was attached as Appendix 4 to the report. A total of 63 responses were received opposing any closure from a variety of stakeholders, together with a 1,708 signature petition opposing any closure. The petition included 489 signatures from individuals who resided outside the City. Two e-petitions opposing any closure were also received, one with 238 signatures, and one with 68 signatures.

In view of the sustained low occupancy levels and very high operating costs at Castle Nursery, the proposal was for Council Cabinet to consider approval to progress to the next stage of the consultation process. This included the publication of a required statutory notice, and a further four week representation period. This statutory period would run from 3 March to 30 March 2015. The outcome of the statutory consultation would be reported to Council Cabinet for consideration on 15 April 2015.

### **Options Considered**

No other options had been considered.

### **Decision**

1. To approve the publication of a legal notice for a four week statutory consultation period on closing Castle Nursery School from 31 August 2015.
2. To note that, subject to approval, the outcome of the statutory consultation period would be reported to Council Cabinet on 15 April 2015 for a final decision on closing Castle Nursery School.

### **Reasons**

1. The Local Authority has a statutory duty under Section 7 of the Childcare Act 2006 to provide sufficient funded three and four year old places for eligible children to access. If a decision was taken that the nursery was strategically and / or financially unviable and should close, there were alternative maintained nursery places available in the direct locality of the nursery and in other areas of the city for any potentially affected children to access a place.
2. The Council was committed to delivering and funding services that evidence value for money. However, the current cost per place at Castle Nursery was significantly higher than that of the other nursery schools. There was the potential for a minimum £100,000 saving per annum to the Dedicated Schools Grant (DSG).

## 151/14 Local Transport 3 – Implementation Plan 2015/16

The Council Cabinet considered a report on Local Transport 3 – Implementation Plan 2015/16. The purpose of the report was to seek approval of the updated Local Transport Plan 3 Implementation Plan. Derby's Local Transport Plan 3 (LTP3) was approved in March 2011 and covered the period from 2011 to 2026. LTP3 was made up of a 15 year LTP3 Strategy (Part 1) and a shorter LTP3 Implementation Plan (Part 2). The Implementation Plan was a statutory requirement of LTP3 which detailed what short term actions were intended to be implemented to achieve our long term transport strategy, as set out in the Part 1 strategy document.

The Implementation Plan most recently approved covered the two year period 2013/14 and 2014/15 and as such it expires in March 2015. An updated Implementation Plan was required to be published by the end of March 2015. It was proposed that the updated Implementation Plan would also last for two years, 2015/16 and 2016/17, to align with the current spending review period.

Our long term transport strategy was to deliver a balanced transport strategy underpinned by making best use of the existing transport asset. Our short term priorities as set out in the original Implementation Plan were:

- Asset Management – maintaining what we have
- Network Management – managing traffic flows
- Active Travel and Public Transport – supporting and encouraging travel choice

Our agreed highest short term priority was to maintain the road network, with a significant proportion of funding being allocated towards planned maintenance.

The new Implementation Plan proposed to continue with the short term priorities agreed within the previous Implementation Plan and as such proposed a similar allocation of funding across the strategy areas. This included an increased proportion of the available funds being allocated to the Asset Management strategy areas. However, the opportunity afforded through the recent grant funding award extension from the Local Sustainable Transport Fund had enabled us to increase activity within the Active Travel Strategy area for the duration of those grant awards up to March 2016. These grant awards enable us to provide a more balanced approach to the investment across all strategy areas whilst still enabling us to focus

resources on maintaining our transport asset. A description of the types of initiatives that would be delivered within the key LTP strategy areas was provided in table 4.1 of the report. The Government settlement figures were detailed in table 4.2 of the report, and the corporate capital allocations were provided in table 4.3 of the report.

The report was linked to the 2015/16 Highways and Transport Programme also being considered at this meeting. That report sought the approval of the detailed programme, from all funding sources, for the first year (2015/16) of the Implementation Plan.

### **Options Considered**

1. To continue on the basis of previous allocations, noting the enhancement that this provided to some strategy areas as a result of ring fenced grant awards.
2. To consider increasing one or more strategy area in preference to the others with a commensurate reduction in the others.

### **Decision**

To approve the updated Implementation Plan set out in Appendix 2 of the report, specifically,

- the continuation of the short term transport priorities agreed in the first Implementation Plan
- the proposed approach to the allocation of budgets across key Strategy Areas, shown in table 4.5 of the report.

### **Reasons**

To ensure the updated Implementation Plan was approved in line with statutory requirements.

## **152/14 Highways Asset Management Policy and Strategy**

The Council Cabinet considered a report on Highways Asset Management Policy and Strategy. The report sought approval to adopt the new Highway Asset Management Policy and Strategy documents attached as appendices 2 and 3 of the report.

The report also demonstrated the importance placed on Asset Management by the Department of Transport (DfT) and their imminent plans to reduce highway maintenance funding for those Authorities who could not demonstrate they were following Asset Management principles.

The report set out the benefits of following good asset management principles when treating or repairing our highway assets and gaining maximum benefit from the limited central government funding we receive.

### **Options Considered**

Not adopting a Highway Asset Management Policy and Strategy. Not adopting the policy and strategy and the changes it entailed, would potentially cost the Authority over 15% of its current Highway Maintenance allocation. This would place pressure on other council budgets to provide funding to address critically deteriorating highway assets. It would also reduce our chances of successful bids to the Highway Maintenance Challenge Fund.

### **Decision**

1. To approve the Highway Asset Management Policy and Strategy documents attached to the report.
2. To note the importance placed by central government on sound asset management principles and the direct relationship that successfully demonstrating that we follow these principles would have on our potential for future maintenance funding.

### **Reasons**

1. To ensure we had the policy and strategy in place to help us manage our assets efficiently with the resources available, to ensure value for money and to maximise their lifespan.
2. To enable us to demonstrate to the Department for Transport that we had embedded asset management principles into our core policies and procedures. This would help deliver value for money and help to ensure our DfT funding allocations were not reduced unnecessarily.

## **153/14 2015/16 Highways Transport, Streetpride Plant and Equipment and Land Drainage and Flood Defence Work Programme**

The Council Cabinet considered a report on the 2015/16 Highways Transport, Streetpride Plant and Equipment and Land Drainage and Flood Defence Work Programme. The report set out the following proposed 2015/16 work programmes for approval:

- Highways and Transport,
- Streetpride Plant and Equipment
- Land Drainage and Flood Defences

The programmes had been developed following consultation with Members, Neighbourhood Boards, transport related forums (where appropriate) and other key stakeholders. The Highways and Transport programme covered both revenue and capital funded projects but specifically sets out in more detail the capital schemes.

There was also a specific recommendation to approve s106 spend as part of the 2015/16 Highways and Transport programme of works.

The Highways and Transport programme took into account the goals of Derby's long term transport strategy as set out in the third Local Transport Plan, LTP3. The report was linked to the LTP3 Implementation Plan 2015/16 – 2016/17, which was also seeking approval at this meeting.

In the Streetpride Plant and Equipment programme, funding was prioritised against a replacement criterion which was based on the expected life of the different types of vehicles and equipment; and the operational demands/requirements of the service.

In the Land Drainage and Flood Defence programme, funding was prioritised towards works which managed and reduced the potential for and impacts of flooding to properties and infrastructure throughout the city. Schemes were prioritised using a matrix scoring system which considered the extent of potential flood, risk to people and property, loss of critical infrastructure network, and effects on biodiversity, together with an assessment of the economic benefits/costs. As the Lead Flood Authority for the district, the Land Drainage and Flood Defence team had an overarching lead role for the coordination of Flood Risk Management Authorities in the area, in order to manage flood risk from local sources across the city.

The three work programmes were managed and monitored by the Infrastructure Programme Board in accordance with the Finance Procedure Rules and the Corporate Governance Structure.

### **Options Considered**

1. The development of the Highways and Transport programme had involved consideration of various options for the inclusion of projects. The draft programme recommended was considered to be the best fit to the objectives of LTP, the local priorities of Members and Neighbourhood Boards and the mitigation of development, given the overall level of resources available.
2. The Streetpride Plant and Equipment and Land Drainage and Flood Defences work programmes had been developed in consideration against corporate objectives, the Streetpride Service Standards and our statutory obligations. It was considered that they offered the maximum value for money considering the resources available.

### **Decision**

1. To approve the capital and revenue Highways and Transport work programme for 2015/16 and the allocation of capital budgets across the LTP strategy areas, as detailed in appendix 2A of the report.
2. To approve the s106 spend programme for the Highways and Transport work programme for 2015/16 as detailed in appendix 2B of the report.
3. To approve the proposed Streetpride Plant and Equipment work programme for 2015/16. This was detailed in appendix 3 of the report.

4. To approve the proposed Land Drainage and Flood Defence work programme for 2015/16. This was detailed in appendix 4 of the report.
5. To continue to give delegated authority to the Strategic Director for Neighbourhoods, following consultation with the relevant Cabinet Portfolio Member, either the Cabinet Member for Planning, Environment and Regeneration and/or Cabinet Member for Neighbourhoods and Streetpride, to respond to changing priorities throughout the year by introducing new schemes or bringing forward the implementation of some schemes at the expense of others. To continue to give delegated approval to Infrastructure Programme Board as per its Term of Reference set out in Appendix 5 of the report.

## **Reasons**

1. Approval of the work programmes prior to the start of the 2015/16 financial year would allow effective planning and programming of the detailed work programmes, with the objective of ensuring that schemes and initiatives from all three were delivered in the best possible way and achieve value for money. Further, early approval of the programmes would permit the identification of any risks to the delivery of schemes within them. This would enable us to review and monitor risks to ensure they did not escalate and where possible, eliminate them.
2. In the interests of the effective management of the programme, it was appropriate to maintain the delegated approvals as outlined in the Infrastructure Programme Board's Terms of Reference; to have the authority to review the three programmes and reallocate funding on the basis of the outcomes of investigations, feasibility studies and progress of other schemes. Any revisions to the Highways and Transport programme would still reflect the strategy and implementation plan set out in LTP3, whilst any reviews to either the Streetpride Plant and Equipment; or Land Drainage and Flood Defences programmes would continue to maintain the methodology of their initial development
3. It was essential that these work programmes, particularly the Streetpride Plant and Equipment programme, remained flexible to accommodate the outcomes of internal re-organisations, restructures, changing work patterns and operational commitments. This approach would ensure that budgets continued to be focussed on key work areas.

## **154/14 The Future Management Arrangements of the Non Housing Revenue Account Garage Portfolio**

The Council Cabinet considered a report on The Future Management Arrangements



of the Non Housing Revenue Account (HRA) Garage Portfolio. The Council owned and operated over 1,000 “lock up “garages. These were available for rent by local residents and HRA tenants for the garaging of vehicles. The management of this portfolio was split between Derby Homes - HRA portfolio - who managed over 900 garages, and the Strategic Asset Management and Estates Team - Non HRA portfolio - who managed 79 garages.

The non HRA Garage portfolio was split over five sites. Only 49% of the garages were let and a repairs backlog of £221,630 was limiting the potential to re let the vacant units. The garages currently generated a net income of £5,529 pa.

Due to the maintenance backlog, low occupancy rate, and the split of management responsibilities, a review of the non HRA garage portfolio had been conducted. The proposed outcome would create a net pressure in Strategic Asset Management and Estates of £2,543.

The outcome of the review process was to recommend that two of the sites were transferred to HRA to be managed by Derby Homes, one site was disposed of, and two sites were retained within the General Fund to support the Our City Our River and District Centre Redevelopment projects.

### **Options Considered**

1. To retain all the sites and continue to manage in their current condition. This option had been discounted. The garages would continue to deteriorate as would their revenue producing capacity. In addition there were issues of additional revenue costs such as fly tipping and due to the high level of voids; the disuse of the sites would also generate anti-social behaviour. The garages were already management intensive and this would increase as their condition deteriorated.
2. To retain all of the sites and address the maintenance backlog. This option had been discounted. The payback period for this level of investment, assuming the same level of income and reactive repair was in the order of 40 years which was not recommended given the risks associated with the income stream.
3. To sell all of the sites in the market. This option had been discounted as there was no guarantee that the sites would be developed in the short to medium term.

### **Decision**

1. To approve the transfer of the garage sites at Crompton and Newton's Walk from the General fund to the HRA and to arrange for them to be managed by Derby Homes.

2. To declare Mount Street as a surplus asset and approve the addition of the site to the disposal schedule.
3. To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to agree the final terms for the disposal of the Council's interest in the Mount Street site.
4. To note the findings of the report in respect of the Charlotte Street and City Road sites.
5. To note that any capital receipts generated would be applied in accordance with the corporate capital receipts policy.

### **Reasons**

1. To facilitate the rationalisation of the non HRA Garage Portfolio and the consolidation of the Council's assets in accordance with its strategic objectives.
2. To dispose of non-performing property assets.
3. To improve the Council's overall management of garage sites, by moving towards a consistent management approach and to benefit from any economies of scale.
4. To support the delivery of the Council's objectives in respect of Our City Our River, Regeneration of District Centres and the Council's Housing agenda.
5. To address the issue of a lack of demand which was reflective of the changing nature of users requirements.

## **155/14 Property Disposal Programme – Update**

The Council Cabinet considered a report on Property Disposal Programme – Update. At its May 2013 meeting Council Cabinet approved a list of 58 properties for disposal. In addition the report set out a process for approving individual disposals.

Since May 2013 Council Cabinet had approved the inclusion of a further 12 properties onto the disposal programme.

During this period 19 properties were disposed of either thorough sale or lease generating £1,595,700 in capital receipts.

The disposal of these 19 properties had achieved a saving from the annual building maintenance budget of £83,391.

As part of the Property Rationalisation programmes a further 13 properties had now been identified for disposal.

The reports set out the status of the various properties on the disposal list - Appendix

2 of the report - and requested that Council Cabinet approve the addition of the assets set out in Appendix 3 of the report onto the Property Disposal programme.

On 16 February 2010, Council Cabinet supported the empty homes initiative and resolved to initiate compulsory purchase proceedings in relation to three long-term vacant houses and to dispose of the houses by public auction. In order to provide flexibility in the method of sale the report also sought consent to a minor variation of the Council Cabinet approval of 16 February 2010 by authorising the disposal by auction or other appropriate method, including informal tender.

### **Options Considered**

No other options considered.

### **Decision**

1. To note the report.
2. To approve the addition of the assets set out in Appendix 3 of the report onto the Property Disposal programme.
3. To delegate authority to the Chief Executive, following consultation with the Leader of the Council, to approve the disposal of the properties set out in Appendix 3 of the report, including negotiating suitable terms for the disposal.
4. To agree that resolution 172/09 (Compulsory Acquisition of Long Term Empty Houses), made by Council Cabinet on 16 February 2010, be varied to approve the disposal of the compulsorily acquired houses by auction or other appropriate method, including informal tender.

### **Reasons**

1. To provide an update on the Property Disposal programme.
2. To provide a balance between the need to dispose of properties as quickly as possible against the need to seek Council Cabinet's approval to individual property sales.
3. To allow the timings of sales to be varied to enable the Council to react promptly to changing market conditions and to deal effectively with complexities that might arise with some of the properties.
4. The annual building maintenance cost saved through the disposal of the surplus property would help to offset the saving of £2.295m of savings required as part of the Property Rationalisation programme.
5. To note that any capital receipts generated would be applied in accordance with the corporate capital receipts policy.
6. More recent Council Cabinet reports seeking authorisation to initiate

compulsory acquisition of long-term empty dwellings allowed for the disposal at auction or other appropriate method, but this was not included in the report before Council Cabinet on 16 February 2010. Approval of this variation would enable properties acquired following consideration of that report to be disposed of with the same degree of flexibility as with more recent approvals.

## **156/14 Fees and Charges – Adult Social Care**

The Council Cabinet considered a report on Fees and Charges – Adult Social Care.

Engagement and consultation with the care home and home care providers operating under the Council's standard (rather than specialist) terms and conditions, had been undertaken in recent months with the aim of informing the Council's decision-making about setting 2015/16 standard fees. The report recommended a 2015/16 fee rate on the basis of externally available information about cost pressures and feedback obtained from providers. The report set out details of the funding model itself, responses to the consultation and the proposed rates for 2015/16 for providers on standard terms and conditions.

The report also set out the proposed charges for both residential and community care services for 2015/16.

The proposed Council Budget for 2015/16 included a general increase in income of 3% from Council-owned residential care homes. It must be noted that the full cost was only paid by a fifth of residents, the remainder were means tested. The report set out the proposed charge for 2015/16.

The Care Act 2014 brought in new powers for Councils to apply administration charges for setting up services for self-funders, protecting customers' property while they were being cared for away from home, and for entering into Deferred Payment Agreements. It also enabled Local Authorities to charge interest on Deferred Payment Agreements. The report set out the proposed charges and interest rates for 2015/16.

A review of charges in the Shared Lives Service was underway which would consider potential changes to the charging structure for this service.

### **Options Considered**

1. The Council could determine not to award any inflationary increase to the fees it makes for in-house and independent sector care. This was not being recommended as having a sustainable and viable social care market was vital to ensuring that the Council could discharge its statutory duties in relation to vulnerable adults.
2. The Council could decide not to increase the charges it levied for in-house and independent sector care. This was not being recommended as it would create an unmanageable pressure in the adult social care budget.
3. The Council could decide not to exercise the new powers granted in the Care Act 2014 to levy administrative charges for certain activities. This was not

being recommended as it would create an unmanageable pressure in the adult social care budget.

## **Decision**

1. To approve a 3.54% fee increase for independent sector standard residential care, dementia residential and nursing care weekly fee rates (net of the Registered Nursing Care Contribution).
2. To confirm a 2.9% fee increase for standard independent sector homecare services.
3. To approve a 3.0% increase to the charges for residential and community care services for 2015/16.
4. To approve the new administration charges and interest rates to be applied to Deferred Payment Agreements for 2015/16.
5. To approve that the new fee and charging rates would apply from 6 April 2015.
6. To delegate the decision on any changes to charging for the Shared Lives Service as a result of the review to the Strategic Director of Adults, Health and Housing following consultation with the Cabinet Member for Adults and Health.

## **Reasons**

1. The Council's fee rate model for residential care homes and home care, as set out in Appendix 2 of the report, built on the methodology agreed by the Council with providers. Consultation feedback from care providers had not provided an alternative acceptable model that could be used, rather it had been focused on specific inflationary pressures affecting specific service providers.
2. Maintaining the directorate's income was crucial to the management of the overall budget for the Council.
3. The proposed start date aligned with the date that the Department of Work and Pensions (DWP) benefit rates change.
4. The review of the Shared Lives Scheme would not be complete until the end of March 2015 and any potential changes were likely to be relatively small and only affect a relatively small number of customers.

## **Budget and Policy Framework**

### **157/14 Big Conversation Budget Simulator, Your Council, Your Money, Your Views and Budget Consultation 2015/16**

The Council Cabinet considered a report on the Big Conversation and Budget Consultation Paper. The Leader of the Council launched the Big Conversation in

2014 to give everyone in Derby the opportunity to influence decision making. The Big Conversation aimed to raise awareness regarding the cuts being made by central government and the impact of reductions on our local services. One of the biggest budget consultations ever undertaken by the Council, over 10,000 people had so far been asked for feedback through a large number of community, business and service user events, on street promotion, member surgeries and through our website.

The Your Council, Your Money, Your Views Budget Simulator launched on 21 July 2014 and challenged participants to manage and balance the Council Budget using an innovative online simulator. The Simulator allowed for those living, working or visiting Derby to give a real indication of where their personal priorities lie as well as allowing the Council to gain a real insight into the views of the public. In order to submit their response participants had to make the required savings.

During the consultation period the Big Conversation team attended events across the city to promote and encourage participation. At these events people were able to complete the Simulator using iPads or provide overall comments and feedback about Council Services.

As of 20 November 2014 there had been 902 submissions with 6,840 visits made to the Budget Simulator Pages. The Simulator would be open to receive feedback until the end of March 2015, however the Big Conversation itself would remain as a continuous dialogue with local residents and stakeholders.

Data from the Simulator had been analysed to identify respondents' relative priorities in funding services (for example, services receiving highest or lowest % reductions). 1,390 comments had also been evaluated to draw out key themes including difficulty in balancing the budget, the need to focus on 'must dos' and maintaining minimum levels of services in accordance with statutory requirements. In some cases, there was acceptance that fees and charges would need to increase as well as changes in service delivery to achieve the scale of savings required (£60 million).

On 3 December 2014 the Council launched a formal public consultation on its 15 year Vision and Budget proposals 2015-18. By the close of the consultation period, the Council had received 425 individual comments on the budget proposals.

The most common themes arising from the comments made by respondents to the consultation were:

- Proposals to close Moorways Swimming Pool
- Budgets should be spent on the most vulnerable
- Front-line services should be protected from reductions
- Cuts to funding for voluntary sector organisations
- The Council needs to be more efficient and minimise wasting money.

The report brought together the feedback from both exercises to inform Council Cabinet decision making.

## **Decision**

1. To note the consultation activity carried out as part of the Your Council, Your Money, Your Views Budget Simulator and the 15-Year Vision and Budget proposals 2015-18.
2. To note the high level results from both consultations.

## 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
	<b>223,859,594</b>
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Service reserves	(1,475,000)
Corporate reserves	(593,000)
	<b>221,791,594</b>

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.

## **162/14 Dedicated Schools Grant 2015/16**

The Council Cabinet considered a report on the Dedicated School Grant. On the 17 December 2014 the Department for Education - DfE - announced its Schools Funding Settlement. The Dedicated Schools Grant for Derby was £205.075 million and was split into three un-ring-fenced blocks; Schools Block, Early Years Block and a High Needs Block.

Final calculated Schools Budgets from the Schools Block element must be issued to individual schools by the 27 February 2015.

The report detailed the proposals for the use of the Dedicated Schools Grant for Derby for the financial year 2015 -2016 having taken account of local decisions to deliver the best financial outcome for our schools.

## **Decision**

1. To approve the budget for the use of the Dedicated Schools Grant for 2015/16.
2. To note that Schools Forum had considered and approved the report at its meeting on 3 February 2015.

## **163/14 Quarter 3 General Fund Revenue Monitoring Report**

The Council Cabinet considered the Quarter 3 General Fund Revenue Monitoring Report. The report provided details of the latest financial position and forecast outturn for the 2014/15 Revenue Budget as at quarter 3. This was in line with the agreed strategy of reporting revenue budget monitoring figures on a monthly basis to Chief Officer Group and on a quarterly basis to Council Cabinet for approval and action as necessary.

The Council was currently forecasting a net overspend of £327,000 (0.15%) against the budget requirement of £218,283,063. Directorates were working hard to mitigate the year end pressure.

Savings targets of £28,046,000 were included within the 2014/15 budget figures and the forecast achievement of these savings was included within the overall budget

forecast above. Further details of current forecast savings delivery were included in section 6 of the report.

### **Decision**

1. To note the financial monitoring position and the current progress of savings delivery as at quarter 3.
2. To approve the movement in reserves requested in section 5 of the report.

## **164/14 Quarter 3 Capital Budget Monitoring 2014/15 to 2016/17**

The Council Cabinet considered a report on Quarter 3 Capital Budget Monitoring 2014/15 to 2016/17. The report provided details of the revised financial position for the 2014/15 Capital Budget for Quarter 3. This was in line with the agreed strategy of reporting capital monitoring figures on a monthly basis to Chief Officer Group and on a quarterly basis to Council Cabinet for approval and action as necessary.

The report highlighted a Capital programme of £111,609,000 for 2014/2015, after reflecting revisions to the Capital programme of £4,122,000 and accounting for the over programming necessary at the time of setting the budget. The changes required were shown in table 1 of section 4 and detailed in Appendix 2 of the report. Significant changes over £200,000 were also detailed by strategy area and scheme in section 4 of the report.

The new 2015/16 – 2017/18 capital programme was detailed in the capital budget report also reported to this meeting of Council Cabinet and detailed in table 2 paragraph 4.15 of the report.

A revised funding position was shown in Table 2 section 5 of the report.

Details of additional S106 required to be added to the 2014/15 – 2016/17 capital programme were detailed in paragraph 5.3 of the report.

### **Decision**

1. To approve the changes and additions required to the 2014/15 capital programme as detailed in Appendix 2 of the report.
2. To note the revised programme for 2014/15 in table 1 and the revised indicative programme for 2015/16-2016/17 as shown in table 2 of the report.
3. To note the changes to 2014/15 capital funding as detailed in Table 2 Section 5 of the report.

## **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.

## **Performance**

### **166/14 Performance Monitoring 2014/15 – Quarter Three Results**

The Council Cabinet considered a report on Performance Monitoring 2014/15 Quarter Three Results.

The monitoring report included highlights from key performance measures included in the Council Plan and departmental business plans. These priority measures formed the Council Scorecard for 2014/15.

At the end of quarter three (up to 31 December 2014), 71% of performance measures were forecast to meet or exceed their year end target. Results were assessed using traffic light criteria, according to their performance against improvement targets. A dashboard which summarised performance for the Council Scorecard was shown in Appendix 2 of the report.

Achievements noted at quarter three include:

- Over £23m of the Derby Enterprise Growth Fund (DEGF) had been allocated to support 148 businesses in the Derby travel to work area.



- 77% of pupils achieving level 4 or above at Key Stage 2 in reading, writing and mathematics.
- 72% of clients had achieved a quit smoking goal (through the Livewell service).
- 83% of 'major' planning applications were processed within the national 13 week target.

Accountable officers had provided commentary to put performance into context and identify actions that they were taking to address poor performance (see Appendix 3 of the report).

### **Decision**

1. To note the 2014/15 quarter three performance results.
2. To note the indicators highlighted in the Improvement Report at Appendix 3 of the report.
3. To note the indicators selected for review at Performance Surgeries as set out in paragraph 4.21 of the report.

## **Contract and Financial Procedure Matters**

### **167/14 Contract and Procedural Matters Report**

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

- use of reserves
- approval of contract extension
- to report the approval of urgent waivers
- award of grants

### **Decision**

1. To approve the use of £116,000 from the Budget Risk Reserve to fund further Discretionary Housing Payments (DHP) in 2014/2015 as detailed in section 4 of the report.
2. To approve a one year contract extension for the Bike Back Derby project as detailed in section 5 of the report. The contract value is £45,000 per annum.
3. To note a number of urgent contract waivers as detailed in section 6 of the report.
4. To approve the awarding of grants to third parties as detailed in section 7 of

the report.

MINUTES END