

**MINUTE EXTRACT
COUNCIL CABINET
15 February 2017**

Recommendation: To approve minute 165/16 of Council Cabinet dated 15 February 2017

165/16 General Fund Revenue Budget 2017/18 – 2019/20

The Council Cabinet considered a report which set out proposals resulting from the Government's finance settlement to recommend to Council a net budget requirement of £214,978,416 in 2017/18.

The report also set out budget proposals for 2018/19 and 2019/20 as part of the Council's Medium Term Financial Plan – MTFP.

The Council had outlined permanent savings requirements of £28.4m over three years to address the impact of funding reductions, meet rising costs, maintain priority services and investment for the future. These savings totalled £14.0m in 2017/18, £10.7m in 2018/19 and £3.7m in 2019/20. The Council was intending to use reserves to smooth the impact on budgets which would help ensure the budget could be delivered in a managed way.

The Council's 2018/19 budget position included a £965,000 contribution to reserves to provide funding for corporate priorities listed in paragraph 5.12 of the report.

Each section of the report deals 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
- directorate summaries (Section 6) of the report
- details of the impact assessments carried out on the Council's budget proposals (Section 7) of the report
- Council's corporate outcomes (Section 8) of the report
- use of reserves (Section 9) of the report
- the communication and consultation process including feedback (Section 10) of the report
- the management of budget risks (Section 11) of the report
- future outlook (Section 12) of the report.

A separate report providing details of the latest estimated outturn position for 2016/17 as at Quarter 2 and the treatment of variances was presented to Council Cabinet on 9 November 2016. The 2016/17 budgets used in this report had been restated to reflect all movements of budgets between Directorates approved during 2016/17 to date and to reflected the changes in the Local Government finance arrangements to enable more meaningful comparison.

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The 2017/18 budget showed an £4.247m (1.94%) decrease over the 2016/17 budget, which included a number of significant movements:

- Revenue Support Grant had been reduced by £9.4m
- Specific Grants had decreased by £1.2m.
- Council Tax increase of 4.99% (of which 3% related to a social care precept) which when considered with growth in the tax base would positively affect the 2017/18 budget position by £5.9m.

Further details of funding anticipated to be received by the Council were provided in Appendix 3 of the report. A discussion was held on business rates and what was being done to meet the target. Members were reassured that although there were not yet any concrete solutions, there was a lot of work being carried out to achieve this funding.

Officers outlined the schedule of budget pressures and savings as outlined in Appendix 5 of the report and clarified a number of points raised by members.

Although the Government had announced a provisional three year settlement for 2017/18 to 2019/20 further clarification was still required for 2018/19 and 2019/20.

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

Council Cabinet requested the inclusion of the words 'as necessary' at the end of recommendation 4 of the report for clarity.

The Corporate Scrutiny and Governance Board noted the report.

Decision

To recommend to Council:

1. To approve a budget requirement for Derby City Council for 2017/18 of £214,978,416 subject to confirmation of the final Local Government Settlement expected in February 2017 and finalisation of the Council's Council Tax for 2017/18 which would be presented to Council in March 2017 for approval and with due regard to the outcome of the Equality Impact Assessment update which was available on Derby City Council's website.
2. To approve the directorate revenue budget estimates and the use of reserves of £5.982m (1.37% of the budget) summarised in Appendix 4 of the report.
3. To approve the measures proposed to manage budget risks in 2017/18 and in future years, including the deliverability of identified savings, levels of service and inflation forecasts as set out in Section 11 of the report.

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4. To approve the commencement of appropriate procurement procedures to support the specific budget proposals listed in appendix 5 of the report as necessary.
5. To approve the immediate implementation of detailed savings proposals included in appendix 5 of the report 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 savings proposals as a result of feedback from the consultation process, detailed in paragraph 10.4 of the report.
7. To approve within this total of £214,978,416:

	£000's
Net service estimates of:	
People Services	141,826
Communities and Place	41,051
Organisation and Governance	37,369
	<hr/> 220,246
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Corporate reserves	(5,268)
	<hr/> 214,978

8. To note the calculation of the Council's Tax Base for the year 2017/18 as 66,574.07 equivalent band D properties, included in a separate report in January's Council Cabinet Meeting, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 (SI 2012/2914).
9. To note the calculation of the following amounts for the year 2017/18 in accordance with Sections 31A (1) of the Local Government Finance Act 1992, as amended by the Localism Act 2011, and for these figures to be taken forward and confirmed at Council in March 2017 as part of the Council Tax setting report.
 - a. £655,386,025 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f).
 - b. (£440,884,858) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) (a) and (d) of the Act.
 - c. £86,424,460 as Council Tax 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 31A(4) of the Act.

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d. £1,298.17 as the basic amount of its Council Tax for the year, being the amount at (c) above, divided by the amount at 4.1 below, calculated by the Council, in accordance with Section 31B of the act.

e. for the following Valuation Bands:

	£		£
A	865.45	E	1,586.65
B	1,009.69	F	1,875.13
C	1,153.93	G	2,163.62
D	1,298.17	H	2,596.34

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 (d) 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 and Crime Commissioner and Derbyshire Fire Authority, in accordance with Section 40 of the Local Government Finance Act 1992, would be presented to Council in March 2017.
11. To note that the Council Tax to be set for 2017/18 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 2017.
12. To note the revenue budget plans for 2018/19 and 2019/20 set out in section 5 of the report.
13. To note the feedback from the budget consultation detailed in appendix 12 and approve the Council Cabinet responses to consultation recommendations.
14. To delegate approval to the Director of Finance to make necessary adjustments in order to balance the budget when the final settlement and the NNDR1 business rates retention are confirmed.