

Time Commenced – 18:05
Time Finished – 19:18

Executive Scrutiny Board

12 December 2017

Present: Councillor Stanton (Chair)
Councillors Barker, Bayliss, Carr, Eldret, Graves, Hezelgrave,
Jackson, J Khan, Pegg, Poulter and Webb.

Cabinet Members in Attendance:
Councillors Banwait, Hussain, Raju, Rawson, Repton, Russell and Shanker

Members in Attendance:
Councillors Care, Skelton, Roulstone and Williams

Officers in Attendance:
Christine Durant, Andy Smith, Mark Taylor, Mandy Fletcher, Alison Parkin

Media/Press: BBC Radio Derby

53/17 Apologies for Absence

Apologies for absence were received from Councillor M Holmes. Apologies from Cabinet Members were also received from Councillors Afzal and Bolton.

54/17 Late Items

There were no late items.

55/17 Declarations of Interest

There were no declarations of interest.

56/17 Revenue and Capital Budget Proposals 2017-20

The Board considered a report of the Interim Director of Finance on the Cabinet Budget Proposals for 2018/19.

The Chair introduced a procedure for the conduct of the meeting and explained the intention was to allow the Director of Finance to summarise the proposals and the overall budget position before taking questions from the Board. The relevant responsible officers from each Department/Directorate would be asked to respond to questions as appropriate. The Board would then have an opportunity to formulate any alternative that were put forward during the course of the meeting.

The Interim Director of Finance presented an overview of the proposals, highlighting that the Council has projected a balanced revenue budget for 2018/19, without the use of reserves. It was reported that after the next

financial year it is expected that the Council will need to use reserves to balance the budget.

Other budget headlines included that the Capital Budget reflects £33.0m for the Pool, which is fully funded for delivery over the next 3 years; highlighting that the current level of reserves reflect financial sustainability and that the Treasury Management Strategy indicates no requirement to borrow before 2021/22.

It was reported that current proposals are to increase Council Tax by 1.99%, which would have an impact on band D Council Tax payers of £1.25p per week, 18p per day, or around £65 a year.

It was outlined that there are four key assumptions/risks associated with the budget. These are:

- Assumption 1 – interest rates rise by no more than 0.25% in the year to 0.5%;
- Assumption 2 – Inflation remains at current levels and remains within 0.5% of target;
- Assumption 3 – the public sector pay cap remains at 1% for 2018/19;
- Assumption 4 – The Government adheres to its commitment on the current 4 year settlement with the Council and announces no further funding reductions for 2018/19.

It was reiterated that the Council is still expecting to be able to achieve a balanced budget until 2020/21. The Board was informed that in year 3 (2020-21) of the Medium Term Financial Plan, the increasing demand for services and budget pressures around Adult Social Care and Looked After Children as well as uncertainty moving forward are likely to cause a projected gap of £7.535m.

The main pressures for 2018-19 were highlighted for Members, including service pressures and inflationary costs. Savings proposals were also outlined per directorate, which included £3.36m staffing efficiencies and savings associated with the reformation of the libraries service. Both the funded capital programme and major projects budgets were presented to the Board and members were informed that the proposals were both robust and deliverable.

The Interim Director of Finance summarised by concluding that the Council's proposed budget in respect of Revenue, Capital, Reserves and Treasury Management indicate a financially sustainable and balanced position for 2018/19 and the following year. It was clarified that the Council is only required to set its budget for one year but it is important that it reflects on the impact of its spending decisions into the longer term. The Board was informed that the Council's Medium Term Financial Plan, Treasury Management Strategy and Reserves Policy will all be presented alongside the 2018/19 Budget at the meeting of Council in January 2018 so that a full assessment of the Council's financial position can be made.

Members queried why the inflation rate differs to that that was announced in the media and were informed that this is due to the inflationary rate announced being a 'snapshot' and not an annual rate. Delays to the Waste

Treatment/Combined heat and Power Plant were also questioned. The Strategic Director for Communities and Place clarified that this was due to the subcontractor being unable to fulfil its duties and therefore another subcontractor having to be sought. It was confirmed that this has not caused any increase in costs to the Council.

Members queried the level of staffing efficiencies savings in the budget proposals, how this would be achieved and what impact this would have on the workforce. The Interim Director of Finance informed the Board that these savings were expected to be achieved through performance management and taking opportunities to guide employees into other employment. It was confirmed that this saving was likely to affect around 100 employees. Reducing staff costs, transformation projects and removing vacant posts would also contribute to this target.

The Board requested a more detailed explanation of the current situation in relation to the reserves and a detailed explanation of the Adult Social Care budget and associated use of the Better Care Fund. Detailed information was provided by the Interim Director of Finance and the Strategic Director for People Services which explained these to the Board.

The amount of £400k under Service Pressures for a review of Commissioned Care Costs was queried by the Board. The Strategic Director for People Services explained that this was not so much a review but included associated pressures on the budget, such as the implementation of the Living Wage, setting fee rates and developing competitive rates to stimulate the market.

Members queried the unplanned tree management costs and increased property maintenance costs, also included under service pressures. The Board was informed that the costs of the tree management service and demands of the service have been assessed and reviewed and this has resulted in a need for resources to be put back into the service. It was also clarified that the property maintenance costs have been added back into the revenue programme as a service pressure to keep properties that the Council is still responsible for properly maintained.

In relation to savings, Members queried the identified £80K savings expected to come from withdrawing discounted travel for young people. The Board was informed by the Strategic Director for People Services that as this is a discretionary service the decision has been taken to propose its withdrawal. It was reported that Voices in Action have been informed of the proposals and that their comments have been captured.

Members queried the carry forward of funding in the Capital Programme. It was clarified that this is because Managers tend to be overly optimistic about delivering spend within a financial year, partially due to fears that funds will otherwise be lost.

The Board queried savings in the People's Directorate under the changes in adult demographics and Livewell scheme. Members were informed that the demographics were continually managed and monitored using a range of data

to make predictions. Members were informed that a revision of how this is done through managing demand and avoiding costs is expected to allow a saving to be achieved. Members were also informed that the Livewell scheme is discretionary and was due to be removed previously in the budget but a small reserve was found to keep this going at a reduced level on a temporary basis. Members were further informed that the Council and its partners recognise the successes and value of the scheme and are working closely with health partners during this time to try and find a new model for delivery of this service.

Members queried the costs associated with the Apprenticeship Levy. It was clarified that the costs are currently high because the Apprenticeship Levy is a statutory Government scheme, but that there is not yet a contractor in place to allow the Council to move forward with this. Once this is in place it is expected that the costs will start to reduce.

The Board queried the impact of rising Council tax Rates for struggling families and the accuracy of collection rates for Council Tax and Business Rates. The Interim Director of Finance clarified that the collection rate for Council Tax is well monitored and accurate and the impact of increasing numbers through the Council Tax Reduction Scheme for struggling families has been identified through trend analysis. However, it was recognised that the Business rates aspect is more fragile in parts and more difficult to forecast.

The Chair of the Board thanked all Members, Cabinet Members and Officers for attending and for everyone's contributions. As no recommendations or alternative proposals were put forward, the meeting was closed.

It was resolved to note the Cabinet Budget Proposals for 2018/19.

MINUTES END