

Time began: 6.00pm
Time ended: 6.45pm

COUNCIL CABINET

15 February 2017

Present Councillor Banwait (Chair)
 Councillors Afzal, Bolton, Hussain, Rawson, Repton and Russell

In attendance Councillors Graves, M Holmes and Skelton
 Philip Hutchinson – Youth Mayor
 Paul Robinson – Chief Executive
 Christine Durrant – Strategic Director of Communities and
 Place
 Andy Smith – Strategic Director of People
 Janie Berry – Monitoring Officer
 Martyn Marples – Director of Finance

159/16 Apologies

Apologies were received from Cllrs Eldret and Shanker

160/16 Late Items

There were no late items.

161/16 Receipt of Petitions

There were no petitions received.

162/16 Identification of Urgent Items to which Call In will not Apply

There were no items.

163/16 Declarations of Interest

There were no declarations on interest.

Matters Referred

164/16 Recommendations from Corporate Scrutiny and Governance Board

The Council Cabinet considered a report on Recommendations from Corporate Scrutiny and Governance Board. The Corporate Scrutiny and Governance Board met and discussed items contained within the Council Cabinet Agenda. The report enabled the views and recommendations resulting from these discussions to be formally shared with Council Cabinet.

There were no additional recommendations made by the Corporate Scrutiny and Governance Board.

Decision

To note the report.

Budget and Policy Framework

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.

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.
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
	<u>220,246</u>
Appropriations to/from reserves (figures in brackets are appropriations from reserves):	
Corporate reserves	(5,268)
	<u>214,978</u>

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.
- 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.

166/16 Report on the Robustness of Estimates and on the Adequacy of Reserves

The Council Cabinet considered a report which stated that 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. The current medium term financial plan was evidence that the Council could no longer provide the range of services it had done historically. Services would have to stop unless they were provided at no further cost to the Council.

The MTFP process incorporated a review of current levels of reserves to ensure there was adequate cover for current and future planned needs and unforeseen eventualities and it identified any reserves which could be released to support the delivery of a three year MTFP.

The purpose of this 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 and Section 6 covering the adequacy of reserves.

The Corporate Scrutiny and Governance Board noted the report.

Decision

1. To note the Chief Finance Officer's opinion that the estimates used in the production of the MTFP for 2017/18 were robust.
2. To note the Chief Finance Officer's opinion that, based on the assessment of the Council's reserves, the key financial risks identified, and the process used for developing the Medium Term Financial Plan, the level of reserves and balances for 2017/18 was adequate.
3. To recommend to Council that they consider this report in conjunction with the General Fund Revenue Budget 2017/18 report.
4. To note the Reserves Policy outlined in Appendix 5 of the report.

167/16 Capital Budget 2017/18 to 2019/20

The Council Cabinet considered a report which set out the 2017/18 to 2019/20 capital programme for recommendation to Council on 1 March 2017. The main areas of the £212,924,271 programme over the next three years were ...

- £23,220,000 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.
- £36,427,271 for the 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. This was indicative, subject to confirmation of government allocations.
- £43,543,000 Housing programme including refurbishment to Council-owned houses in the Housing Revenue Account – HRA. This was indicative subject to the approval of the HRA business plan. 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.
- £22,871,000 for Highways and Transport - to improve the highway network and deliver major schemes such as the A52/Wyvern Transport Improvements.
- £32,091,000 for Property improvements and new construction to Council buildings and infrastructure, including the addition of a new scheme to build a new swimming pool.
- £21,356,000 for Regeneration of the city centre and key regeneration areas, including Infinity Park Derby and the Innovation Centre.

The report 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 shortfall of funding for the Our City Our River flood defence project was discussed with a suggestion of lobbying government on the allocation of funds for this area.

The Council Cabinet requested that the words 'borrowing requirement' be inserted into recommendation 6 of the report for completion.

The Corporate Scrutiny and Governance Board noted the report.

Decision

To recommend to Council the following:

1. To approve the capital programme for 2017/18 and note the indicative capital programme for 2018/19 and 2019/20 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 2017/18 capital programme detailed in Appendix 2 of the report.
3. To note assumptions made for government funding allocations, detailed in paragraph 5.3 of the report.
4. To note the process of review undertaken on the current capital programme described in section 4 of the report.
5. To note the revenue budget implications of the proposed programme described in sections 6 and 8 of the report.
6. To approve the prudential indicators and the borrowing requirement as outlined in section 9 and detailed in Appendix 5 of the report.
7. To approve the MRP statement detailed in Appendix 6 of the report.

168/16 Treasury Management Strategy 2017/18

The Council Cabinet considered a report which outlined and sought approval of the Council's Treasury Management Strategy for the financial year 2017/18 and the Treasury Management Indicators derived from this strategy. Specifically, the report included:

- Background and information to note
- The Treasury Management Strategy
- Treasury Management Indicators

The Corporate Scrutiny and Governance Board noted the report.

Decision

1. To approve and recommend to Council the Treasury Management Strategy for 2017/18 outlined at sections 6, 7 and 8 of the report.
2. To approve and recommend to Council the Treasury Management Indicators for 2017/18 to 2019/20 in section 9 of the report.

3. To delegate authority to the Director of Finance to amend investment levels following appropriate advice from the Council's treasury advisors as detailed in paragraph 7.16 of the report.
4. To delegate authority to the Director of Finance for the rescheduling the LOBO (Lender's Option Borrower's Option) loans.

169/16 Dedicated School Grant 2017/18

The Council Cabinet considered a report which stated that on the 20 December 2016 the Department for Education (DfE) announced the details of the School Funding Settlement. The Dedicated Schools Grant for Derby was split into three un-ringfenced 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 28 February 2017, High Needs budgets to be issued by 31 March 2017.

The Government had confirmed its intention to move to a national funding formula framework in 2018-19. An Early Years national funding would begin to be implemented from April 2017 with full implementation by 2019-20.

The report detailed the proposals for the use of the Dedicated Schools Grant for Derby for the financial year 2017 -18.

The Corporate Scrutiny and Governance Board noted the report.

Decision

1. To approve the Dedicated Schools Grant allocation of £214.938 million.
2. To implement an Early Years Formula in response to the requirement of the National Early Years Formula requirements on the basis of :
 - Base rate of £4.05 per hour, reflecting the level of base funding which was received by the Council.
 - deprivation funding based on 20p per hour per eligible child using the Income Deprivation Affecting Children Index (IDACI) with a weighting of x3 to 60p per hour for the top band (most deprived) and a free school meal rate of 20p per hour for each eligible child.
 - English as an additional language factor supplement at 20p per hour per eligible child.
 - To establish a £250,000 inclusion fund to support children with additional needs across all settings.
 - To use the £1.194 million maintained nursery school supplementary funding to help the maintained sector transition to the new national funding model.
3. To approve IDACI values at band 5 and band 6 of £546 within the formula used to fund Derby schools, all other factors remained at 2016 – 2017 levels.

4. To approve the use of the Dedicated Schools Grant Reserves of £265,000.

MINUTES END