

**MINUTES** of a meeting of **CABINET** held on **28 January 2014** at County Hall Matlock.

## **PRESENT**

Councillor A Western (in the Chair)

Councillors D Allen, J Dixon, C Neill and B Ridgway.

Apologies for absence were submitted on behalf of Councillors K Gillott, A I Lewer and K P Morgan.

### **42/14      QUESTIONS SUBMITTED BY MINORITY GROUP LEADERS**

Councillor A I Lewer had submitted the following questions, to which, in his absence, written responses would be provided:

Agenda Item 5(b) Reserves Position – (1) Where in the papers is the expected benefit of the Derbyshire Challenge Fund investment indicated, or an indication of the savings that are predicted to result from the appointment of a Strategic Director of Corporate Resources?

(2) Within the technical papers that accompany this report there is a reference under 'Corporate Budgets and CACS' to an 'earmarked reserve' of £2,199,000 within the overall earmarked reserves (of £171,963,848); what is this 'earmark within earmark' for?

Agenda Item 5(c) Revenue Budget 2013/14 - The question relates to the following sentence within the report: 'The current budget monitoring forecast shows an expected overall departmental overspend of approximately £7m, which will be offset by underspends on the Risk Management budget, debt charges and use of previous years underspends to give an overall underspend of £6m.' From how many layers of reserve, here expressed in various ways, does this overall £6m underspend arise?

**43/14      BUDGET CONSULTATION RESULTS** (Council Services)  
Cabinet considered a report of the Chief Executive on consultation exercises using a range of methods undertaken in the preparation of the 2014/15 budget in order to enable Cabinet to consider the outcome of these consultations in forming its budgetary proposals to the Council.

The "Your Derbyshire, Your Say" consultation had taken place between 4 August and 31 October 2013 and was designed to enable Elected Members to establish the relative priorities in relation to a wide variety of service areas, gaining an understanding of which of the options were most and least important to residents. The focus of the consultation work was a wide ranging

programme of face to face consultation events across the County. Details of the number of responses and demographics were included at Appendix 1 to the report and the report also included details of the headline results of the consultation.

In addition to this consultation, the Local Government Finance Act 1992, required local authorities to consult representatives of business rate payers in their area about budget proposals for each financial year. A meeting with representatives of the Derbyshire and Nottinghamshire Chamber of Commerce and the Federation of Small Businesses had been held on 24 January and details of the outcome of this consultation were also presented.

**RESOLVED** that Cabinet agreed to take into account the views of consultation respondents in formulating its proposals to the Council on the Revenue and Capital Budget 2014/15.

**44/14      BUDGET MONITORING 2013/14** (Council Services) The Director of Finance provided Cabinet with an update of the latest budget monitoring position showing overall departmental overspend of £6.959m, which after consideration of centrally held budgets and expenditure and the use of carry forward balances of 2012/13, would lead to an underspend of £6m for the Council.

The report summarised the controllable budget position by department and noted that reports would also be considered by the Audit Committee and full Council. The monitoring reflected the position as at 31 October 2013, however officers had provided additional updates to the Director of Finance to take the position through to the period ending 30 November 2013. Where departments had asked to carry forward a budget, it required final approval from the appropriate Cabinet Member.

**RESOLVED** that the 2013/14 budget monitoring position as at 31 October 2013 be noted.

**45/14      CAPITAL BUDGET MONITORING TO MONTH 7 2013/14** (Council Services) The Director of Finance informed Cabinet of the latest budget monitoring position in respect of capital schemes currently in progress. The budget for schemes currently in progress was currently £492m, with the latest monitoring showing a forecast underspend over the life of active schemes of £4.7m as detailed at Appendix 1 to the report. Details of the position by department were presented.

**RESOLVED** that the current position on the monitoring of Capital schemes be noted.

**46/14      RESERVES POSITION** (Council Services)      The Director of Finance reported on the transfer of Ear-marked Reserves to the General Reserve where they were no longer required for the original purpose and also transfers to and from the General Reserve as detailed in the report.

Section 43 of the Local Government Finance Act 1992 required precepting authorities in England and Wales to assess the level of reserves needed for meeting estimated future expenditure and calculating the budget requirements. A range of safeguards were in place to prevent the local authorities over-committing themselves financially, details of which were included in the report.

Ear-marked Reserves were a means of building up funds to meet known or predicted liabilities and funds should be used for the item which they had been set aside, or be transferred in whole or in part to the General Reserve, if it was found that they were no longer required. To ensure that Ear-marked Reserves were fit for purpose, the Reserves Policy required balances to be viewed quarterly and formally reported to Cabinet at least annually. A summary of Ear-marked Reserve movements in the financial year to 31 December 2013 was presented in the report.

During the current financial year to date, £5.555m of Ear-marked Reserve balances which were no longer required have been transferred to the General Reserve. Of these transfers, £5.163m had been approved by Cabinet on 1 October 2013 and a further £0.232m and £0.160m had been transferred to the General Reserve from Ear-marked Reserves in respect of CRD 2013 underspends and the CACS Libraries Restructure respectively. A further £0.002m had been identified as no longer required for the purposes it was originally approved in respect of Landfill Allowances Trading Scheme and it was proposed that this also be transferred to the General Reserve.

As at 31 March 2013, the Council had a General Reserve balance of £102.720m, although there were a number of commitments against that balance for which Ear-marked Reserves had been created. There were two additional calls on the General Reserve balance which required Cabinet approval as detailed below;

- £0.005m in respect of the gas extraction system at Barrow Hill
- £0.83m Revenues contribution to the Capital Programme in respect of the Buxton Crescent Regeneration Project.

A significant commitment against the General Reserve had been identified and it was proposed that a new Ear-marked Reserve be created in the sum of £8m in respect of the outcome of an agreement to care home providers over back-dated fee increases. Cabinet was also asked to approve

£1.084m of Ear-marked Reserves to reflect commitments identified since the last reserves report, details of which were presented.

**RESOLVED** to (1) note the transfer of balances from the following Ear-marked Reserves to the general Reserve as they were no longer required;

- £0.002m from Landfill Allowances Trading Scheme
- £0.232m CRD 2012/13 underspends
- £0.160m Library Restructure

(2) approve £0.005m expenditure for the gas extraction system to be met from the General Reserve;

(3) approve contribution to the Capital Programme in respect of Buxton Crescent totalling £0.830m to be met from the General Reserve;

(4) approve the creation of £8m ear-marked reserve to reflect a significant commitment against the General reserve pending the outcome of an agreement with care home providers over back-dated fee increases; and

(5) approve the creation of a further ear-marked reserve totalling £1.084m to reflect commitments identified since the last reserves report.

**47/14      REVENUE BUDGET 2014/15** (Council Services)      Cabinet considered a joint report of the Chief Executive and Director of Finance which made proposals to obtain approval regarding the Revenue Budget 2014/15. The proposals were within the context of currently known information including the reports considered at this meeting regarding the Council's Reserve position, Capital Programme and recent consultation activity.

The report presented detail in respect of the 2013/14 Budget, the Autumn Statement and Provisional Local Government Finance Settlement, consultation, Council Tax Base and Collection Fund, Council Tax, pay and price inflation, contingencies, budget reduction targets, the Derbyshire Challenge, service pressures, risk management budget, statutory requirements of the Local Government Act 2003 and the Five Year Financial Plan.

Whilst the details of the Freeze Grant allocations for 2014/15 have been announced by the Government, the Council Tax referendum principles are still to be confirmed. The lack of a firm position from Government on the level of the referendum principles was disappointing and unhelpful and undermined the Council's ability to make informed decisions regarding the level of Council Tax in 2014/15. If the limits were not known by the date of the Council meeting then any decisions made could require change at a further Council meeting in February

A Community Impact Assessment had been undertaken by the Council to make an initial assessment of the potential impact of each of the proposed budget cuts for 2014/15. The Assessment provides the foundations for the necessary programme of detailed Equality Impact Assessments as well as highlighting those groups which may need to be consulted on proposals as they emerge

**RESOLVED** that Cabinet recommends to Council that it; (1) notes the details of the autumn statement and provision of the local government financial settlement as detailed in Section B to the report;

(2) notes the details of the budget consultation activity as outlined in the report previously considered at this meeting;

(3) notes the government's expectations about council tax levels for 2014/15 as detailed in Section E to the report;

(4) approves the precept as outlined in Section E to the report;

(5) approves that billing authorities be informed of council tax levels arising from the budget proposals as outlined in Section E to the report;

(6) approves the contingency to cover pay and non-standard inflation as outlined in Sections F and G with a contingency to be allocated by the Director of Finance and the Chief Executive once the pay award and non-standard inflation had been agreed;

(7) approves the level and allocation of budget reductions as outlined in Section H;

(8) approves the priority growth items identified in Section J to the report;

(9) approves the council tax requirement of £255.427m which calculated as follows:

	£
Budget Before Pressures and Budget Reductions	530,760,785
Plus Service Pressures - on-going	8,090,000
Plus Service Pressures - one-off	1,645,000
Less Budget Reductions	(29,885,000)
Contribution to Risk Management Budget	2,419,215
Plus Derbyshire Challenge Fund	2,000,000
<b>Net Budget Requirement</b>	<b>515,030,000</b>
Less Top-Up	(84,135,050)
Less Business Rates	(16,391,263)

Less Revenue Support Grant	(126,195,724)
Less New Homes Bonus	(1,715,624)
Less Local Services Support Grant	(1,178,462)
Less General Grant	(15,838,543)
Less PFI Grant	(10,503,833)
Less Use of General Reserve	(3,645,000)
<b>Balance to be met from Council Tax</b>	<b><u>255,426,501</u></b>

(10) approves that the Director of Finance allocates cash limits amongst Cabinet portfolios, Strategic Directors would then report to Cabinet on the revised service plans for 2014/15 and;

(11) notes the Director of Finance comments about the robustness of the estimates and the adequacy of the reserves as detailed in Section L.

**48/14 PRUDENTIAL CODE FOR CAPITAL FINANCE, CAPITAL PROGRAMME APPROVALS AND TREASURY MANAGEMENT STRATEGY** (Council Services) Cabinet considered a joint report of the Chief Executive, the Director of Finance and the Director of Property which sought approval to make recommendations to Council on;

- the Prudential Code for Capital Finance
- the capital starts programme for 2014/15 as detailed in Appendix 1 to the report
- the Minimum Revenue Provision Policy 2014/15
- a Treasury Management Strategy for 2014/15
- compliance with and set limits under the Prudential Code and the Treasury Management in Public Services: Practice and Cross Sectoral Guidance notes.

**RESOLVED** to recommend to Council; (1) the adoption of the prudential code including the prudential indicators as detailed in paragraphs 2.5, 2.6, 2.8 and 2.12 – 2.16 to the report;

(2) the 2014/15 capital starts programme as detailed in Appendix 1 with further reports on the detailed schemes being brought to Cabinet;

(3) the Minimum Revenue Provision Policy for 2014/15 as detailed in paragraph 2.10;

(4) the Treasury Management Strategy for 2014/15 as detailed in Appendix 3, taking in to account the guidance issued by the Department for Communities and Local Government as described in paragraph 9b to the report; and

(5) the adoption of CIPFA's Code of Practice on Treasury Management and cross sectoral guidance notes (revised 2011), as detailed in Appendix 3, and the Treasury Management Policy Statement as specified in the Treasury Management Code of Practice and as also set out in Appendix 3.

**49/14      COUNCIL PLAN 2014/2017** (Strategic Policy and Budget)  
Cabinet considered a report of the Chief Executive to approve the draft Council Plan 2014/2017 for consultation.

A copy of the draft Council Plan was attached at Appendix A which had been drawn up to clearly establish and communicate the Council's key priorities to a wide range of stakeholders including members of the public, service users, Councillors, employees, businesses and partner organisations.

The draft Plan had been developed using research and information about the County and the results of recent consultation with local people undertaken by the Council. The Plan was structured around five key pledges which would enable the Council to demonstrate how services contributed to better outcomes for local people. The key pledges were; a local Derbyshire; a Derbyshire that works; a healthy Derbyshire; a safer Derbyshire and a Derbyshire that cares.

Work was taking place to ensure that the Plan met equality and sustainability principles and in the meantime it was recommended that the draft Plan be distributed to key stakeholders for consultation. A further report would be presented to Cabinet on 25 March 2014 in order that firm proposals in relation to the Council Plan could be referred to Council for consideration and approval at its meeting on 9 April 2014.

**RESOLVED** that the draft Council Plan 2014/2017 be approved for consultation and that a further report be received by Cabinet on 25 March 2014.