

PUBLIC

MINUTES of a meeting of **CABINET** held on 24 January 2019 at County Hall, Matlock.

PRESENT

Councillor B Lewis (in the Chair)

Councillors A Dale, A Foster, C A Hart, T King, S A Spencer and J Wharmby.

Also in attendance was Councillor A Western.

Declarations of Interest

There were no declarations of interest.

01/19 MINORITY GROUP LEADERS' QUESTIONS

There were no questions.

02/19 BUDGET MONITORING 2018-19 (AS AT 31 OCTOBER 2018)

(Strategic Leadership, Culture and Tourism) The Director of Finance and ICT informed Cabinet of the latest revenue budget monitoring position as at 31 October 2018.

The report gave details of the controllable budget position by Cabinet Member Portfolios and further reports would be considered at Cabinet Member meetings, Audit Committee and Council in accordance with the Budget Monitoring policy and Financial Regulations. A portfolio overspend of £0.726m was forecast after the use of £2.110m of Earmarked Reserves to support the Highways, Transport and Infrastructure portfolio. Any underspends in 2018-19 would be used to manage the budget in 2019-20.

The Debt Charges budget was projected to underspend by £1.721m

The Risk Management Budget was forecast to underspend by £1.245m, however this balance would support the management of a balanced budget in future years. Details of the Council's Earmarked Reserves balances as at 31 October 2018 were detailed in Appendix 1 to the report and the recent review of the Council's reserves' balances had been reported to Cabinet on 20 September 2018.

RESOLVED to note the current revenue budget position as at 31 October 2018.

03/19 BUDGET CONSULTATION RESULTS (Strategic Leadership, Culture and Tourism) Cabinet considered a report of the Director of Finance and ICT to enable consideration of the outcome of the Council's budget consultation exercises

in formulating its budgetary proposals to Full Council regarding the Revenue Budget for 2019-20. The report was considered alongside other reports to the meeting of Cabinet on the Budget Monitoring position for 2018-19, the Revenue Budget report for 2019-20 and the Capital Budget report for 2019-20.

The Council had, for a number of years, undertaken a variety of consultation exercises using a range of methods, in preparation of its annual Revenue Budget. Last year however, the Council had used alternative approaches in order to attract a higher number of responses to its budget consultation and had continued with this approach for this year which had attracted an even higher number of approaches.

Participation had been encouraged using social media, including Facebook and Instagram paid-for campaigns, an organic social media campaign, using infographics, and a video and blog from the Council Leader. In addition, media releases, an e-mail to Citizens' Panel members, an e-mail to the respondents to the 2018-19 budget consultation, e-newsletters to community groups, parish councils, partner organisations and community publications, features on the Council's internal and external websites and articles in Derbyshire Now, the Our Derbyshire employee newsletter and the employee payroll letter had been used.

To promote participation amongst residents who were less familiar with, or had no internet access, copies of a paper consultation questionnaire, containing the same questions, were distributed to libraries across Derbyshire. Library and Call Derbyshire staff were briefed. A freepost address was used to encourage participation.

A detailed analysis of the consultation results and themes arising from the comments that participants contributed were attached in the Appendix to this Report.

The Council's Constitution provided that the Improvement and Scrutiny Committee should also be notified of the budget proposals. The Director of Finance and ICT presented details of the Five Year Financial Plan to the Committee in September 2018. The proposals were discussed and there was a clearer understanding of the financial context in which the Council would be operating over the next few years.

The trade unions had been consulted at the Corporate Joint Committee held on 17 January 2019.

In addition, the Local Government Finance Act 1992, required local authorities to consult representatives of business ratepayers in their area about the budget proposals for each financial year. A meeting with representatives of Derbyshire and Nottinghamshire Chamber of Commerce and the Federation of Small Businesses was held on 11 January 2019. In particular, the business ratepayers raised issues about the condition of the roads, which they acknowledged were better than some but there was still room for improvement. They were also concerned about the business rates system generally, which they believed penalised certain businesses.

RESOLVED to take into account the views of the consultation respondents in formulating its proposals to Full Council regarding the Revenue Budget for 2019-20.

04/19 REVENUE BUDGET REPORT 2019-20 (Strategic Leadership, Culture and Tourism) The Director of Finance and ICT reported to Cabinet on proposals regarding the Revenue Budget for 2019-20.

The report presented detail in respect of the 2018-19 budget, the Autumn Statement 2018, the Provisional Local Government Finance Settlement, Council Tax, price increases, Corporate Budgets, service pressures, budget savings targets, statutory requirements of the Local Government Act 2003, the Five Year Financial Plan and consultation.

When setting the budget, the Council must be mindful of the potential impact on service users and, therefore, the consultation exercises undertaken in the preparation of the 2019-20 budget were relevant in this respect. Section 149 of The Equality Act 2010, imposed an obligation on Members' to have due regard to protecting and promoting the welfare and interests of persons who shared a relevant protected characteristic (age; disability; gender re-assignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation).

A high level equality analysis had been carried out and would be included in the report to Council. Once the budget had been set and, as spending decisions were made, service by service, and as policies were developed within the constraints of the budgetary framework, proposals would be further considered by Members and would be subject to an appropriate and proportionate assessment of any equality implications, as well as consultation, including consultation on a range of options, where appropriate.

The actual scale and detailed composition of job losses involved would not become clear until the necessary consultations were concluded and final decisions were made on individual savings proposals. It was, however, evident that given the level of budget savings identified, the scale of workforce re-alignment would be significant. The Council would seek to mitigate the impact of the proposed budget reductions on the Council's workforce through the use of measures such as vacancy control, redeployment, voluntary release, etc. and the further development of an internal jobs market.

The Council had a statutory responsibility to consult with the relevant trade unions when potential redundancy situations arose. At future meetings, Cabinet would be asked to approve such consultation, where necessary, as well as reviewing the application of the appropriate HR measures to mitigate the effect of the budget reductions.

An initial Equality Analysis had been carried out in relation to the Council's proposed Revenue Budget 2019-20. This outlined the overall likely impacts upon the

different protected characteristic groups and had been based on those areas which had been identified for savings. It also reflected upon the ongoing work to develop cumulative impact analysis, and to consider the linkages between the Council's budget savings and those being made elsewhere in the Government and by public sector partners.

Increasingly budget savings were resulting in reductions or changes to frontline services, which directly affect the people of Derbyshire. In particular, they were likely to pose a potential adverse impact for some older people, disabled people, children and younger people and families. In part this was because many of the Council's services were targeted at these groups, and these services commend the largest parts of the Council's budget. At the same time, other national and local changes were also likely to continue to affect these groups in particular.

As previously indicated, an initial Equality Analysis had been carried out and its key findings would be reported to Council. This would help with the identification of areas where there is a significant risk of adverse impact which would then be subject to a full equality impact assessment process prior to Cabinet decisions on individual services.

RESOLVED to recommend to Council that it:

(1) notes the details of the Autumn Budget 2018 and Provisional Local Government Finance Settlement as outlined in sections (b) and (c).

(2) notes the Government's expectations about Council Tax levels for 2019-20 in section (d).

(3) approves the precepts as outlined in section (d) and Appendix Three.

(4) approves that billing authorities be informed of Council Tax levels arising from the budget proposals as outlined in section (d) and Appendix Three.

(5) approves the contingency to cover non-standard inflation as outlined in section (f). The contingency to be allocated by the Director of Finance and ICT once non-standard inflation has been agreed.

(6) approves the service pressure items identified in section (g) and Appendix Four.

(7) approves the level and allocation of budget savings as outlined in section (h) and Appendix Five.

(8) notes the Director of Finance and ICT's comments about the robustness of the estimates and adequacy of the reserves as outlined in section (i).

(9) notes the details of the Council's consultation activity as outlined in section (k).

(10) approves the Council Tax requirement of £329.289m which is calculated as follows:

	£
Budget Before Pressures and Budget Reductions	495,895,423
Plus Service Pressures – on-going	17,168,561
Plus Adult Social Care Precept	6,290,323
Plus Service Pressures - one-off	12,327,000
Less Budget Reductions	-13,393,000
Use of Contingency Budget	1,000,000
Increase in Debt Charges	2,000,000
Reduction to Risk Management Budget	-756,529
Increase in Interest Receipts	-1,000,000
Net Budget Requirement	519,531,778
Less Top-Up	-93,370,422
Less Business Rates	-19,194,534
Less Revenue Support Grant	-13,517,274
Less New Homes Bonus	-2,097,996
Less General Grant	-41,955,307
Less PFI Grant	-10,503,833
Less Use of Earmarked Reserves	-9,603,642
Balance to be met from Council Tax	329,288,770

and;

(11) authorises the Director of Finance and ICT to allocate cash limits amongst Cabinet portfolios; Strategic Directors will then report to Cabinet on the revised service plans for 2019-20.

05/19 CAPITAL PROGRAMME APPROVALS, TREASURY MANAGEMENT AND CAPITAL STRATEGY (Council Services) The Director of Finance and ICT presented a report which sought Cabinet approval for the submission to Council of the capital starts programme for 2019-20 and the Treasury Management Investment and Capital Strategies.

As with previous years, the proposed new Capital Starts Programme for 2019-20 had been evaluated and it was recommended to proceed with new borrowing of £14.441m (excluding invest to save schemes). The detailed proposals were attached in Appendix 1 to the report.

The Treasury Management Strategy Report for 2019-20 attached to the report at Appendix 2, sets out the Council's management of its cash flow, borrowing and investments and the management of its associated risks.

The Investment Strategy Report for 2019-20 attached to the report at Appendix 3, deals with the management of the Council's balances and reserves, managing the balance between risk and return.

The Capital Strategy attached to the report at Appendix 4, provided a high level overview of how capital expenditure and capital financing contribute to the provision of local public services.

RESOLVED to recommend to Council (1) the 2019-20 Capital Starts Programme as detailed in Appendix 1 to the report;

(2) the adoption of the Treasury Management Policy as detailed in Appendix 2 to the report;

(3) the adoption of the Investment Strategy as detailed in Appendix 3 of the report; and

(4) the adoption of the Capital Strategy as detailed in Appendix 4 to the report.

06/19 REVISED FINANCIAL REGULATIONS AND STANDING ORDERS RELATING TO CONTRACTS (Council Services) The Director of Finance and ICT sought Cabinet approval of the revised Financial Regulations and Standing Orders relating to Contracts and commend approval of these amendments to Council.

A detailed revision of the Council's Financial Regulations had taken place during 2014 with a further review during the latter part of 2017.

It had been recognised that the changes made previously were working well, however, they had been revisited and reviewed in conjunction with the establishment of the 'Enterprising Council' approach. Whilst maintaining sound arrangements for internal control, the emphasis had been to examine the areas where routine decisions could be delegated to officers to reduce the number of reports presented to Cabinet and Cabinet portfolio member meetings, and also to address the need for Departments to be able to become more responsive when making financial and procurement decisions.

Due to the close alignment between the Council's Financial Regulations and legal and governance requirements concerning the creation and letting of contracts, it had been considered appropriate to review the Standing Orders relating to Contracts at the same time. Consequently the Standing Orders in relation to contracts had been redrafted and developed to include a General section, a Competition section and a Contracts section.

These changes would be underpinned by revised schemes of Departmental financial delegations which will set out the requirements required to ensure compliance with the revised Financial Regulations and Standing Orders in relation to Contracts.

The revised Financial Regulations and Standing Orders relating to Contracts were attached to the report. The following key areas that were recommended for change were around Procurement, the write off of redundant stocks/stores and the write off of bad debt and these were detailed in the covering report.

RESOLVED to endorse the revised Financial Regulations and Standing Orders relating to Contracts and commend their approval to Council.