

MINUTES of the meeting of the **DERBYSHIRE COUNTY COUNCIL**
held on 1 February 2012 at County Hall, Matlock

PRESENT

Councillor G D Wharmby (in the Chair)

Councillors D Allen, J A Allsop, Mrs S M Allsop, Mrs E Atkins, R B Baldry, Mrs G Birkin, Mrs J N Blake, Ms S L Blank, Mrs M W Booth, D Bowley, S J Bradford, W Burrows, D Chapman, Mrs C M Cox, J A Coyle, Ms T Critchlow, J E Dixon, S J Ellis, Mrs G A Farrington, S Flitter, M Ford, K Gillott, J P Harrison, Mrs C A Hart, G K Hickton, R L Hosker, J C Jackson, C W Jones, M Lacey, A I Lewer, B Lewis, M V Longden, B C Lucas, G J E MacDonald, W Major, P Makin, C R Moesby, K P Morgan, P Murray, K L Parkinson, R A Parkinson, Mrs J E Patten, Mrs C Pidgeon, G W Purdy, Mrs G P Reddy, B Ridgway, P J Riggott, A H Rogers, R W Russell, P J Smith, S A Spencer, K Stevenson, Mrs M Stockdale, D Stone, D B Taylor, Mrs J A Twigg, Ms A Western, Mrs J Wharmby, D J Wilcox, J G Williams and D Wilson

Apologies for absence were submitted on behalf of Councillors A F Charles and M A Higginbottom.

01/12 CHAIRMAN'S ANNOUNCEMENTS The Council had received national recognition as the first Council in the country to be licensed to deliver training to staff on how to deal with challenging young people. As part of the PROACT SCIPr-UK training, staff were taught ways of coping with difficult situations and how to understand and avoid problems. The Chairman made a presentation to the staff involved.

02/12 DECLARATIONS OF INTEREST No declarations of interest were made.

03/12 PUBLIC QUESTIONS Question to Councillor J P Harrison, Cabinet Member for Finance and Management, from Mr Kevin Knight

For the second year in succession the Council is set to have a 0% Council Tax increase, which I am sure will be very much appreciated by the public of Derbyshire. Can the Cabinet Member say:-

Whether this has happened since the introduction of Council Tax in 1994-5?

How much did Council Tax increase over the 16 years before the Council became Conservative controlled?

What was the average Council Tax increase over the 16 years before the Council became Conservative controlled?

If the average increase had been applied over the last three years how much extra would a band D Council Tax payer now be paying?

Councillor Harrison responded as follows:-

The answers to them are as follows. First of all Council Tax was first introduced in this country in the financial year 1994/95. The first ever freeze was introduced last year in the financial year we are currently in of 2011/12.

How much did Council Tax increase over the 16 years since it was first introduced? The answer to that is that it more than doubled at 128% over that period of time. I have to point out to avoid any doubt or misunderstanding that is an adjusted figure consequent upon the Derbyshire Police Authority becoming self-precepting in 1995; Derby City returning to unitary status in 1997, and the Fire Authority also becoming self-precepting in 2004.

Your next question "What was the average Council Tax increase over the 16 years before the Council became Conservative controlled?" Well the average increase per annum over that period of time was 5.29%.

Your final question was "If the average increase had been applied over the last three years how much extra would a Band D Council Tax payer now be paying?" The answer to that is in 2010/11 it would have been £45; in 2011/12 it would have been £112 and in the next financial year of 2012/13 it would be £182, making in total over that three year period a sum of £339. However, you need to bear in mind for someone to be left with £339 in their pay packet after tax and national insurance they would have to have earned some £550.

A supplementary question was asked as follows:-

Can the Cabinet member tell me which current County Councillors have voted for a zero increase in Council Tax since it was introduced?

Councillor Harrison responded as follows:-

The only time we have had a Council Tax freeze was this time last year.

Question to Councillor B Lewis, Cabinet Member for Young People, from Mr Mark Spencer

The County Council is proposing to close down all its Youth Centres and hand the service over to the voluntary sector and community groups. From the local media and the online petition it is clear there is growing public opposition to the plan. What research has been done to demonstrate that this plan is feasible? Are there sufficiently qualified volunteers willing and able to deliver a safe and viable service? If this plan is agreed what is the transition plan? And finally given the level of public opposition, does the Council have a plan B?

Councillor Lewis responded as follows:-

What has been made clear is that this is a consultation on a set of proposals, which we are now three weeks into. The proposal has outlined that we would become a strategic commissioner of youth services to extend the range and nature of provision by the voluntary, community and independent sectors. We deliver those services out of 155 Centres, of which the Authority own or lease 29. Through these Centres we made contact with around 23,000 young people out of 67,000 within the 13-19 age range and we have regular contact with only around 18,800 of them. That equates to just 28% of young people. As a provider we provide about 30% of the sessions while the VCI sector provides around 70%, so clearly we are already providing fewer sessions than our partners out there in the VCI sector. We are keen that not just 28% of young people have regular access to a youth offer but that 100% of young people get some form of offer.

We are facing a significant challenge in terms of our budget as an Authority. £30m needs to be found by 2015/16 in Children and Young Adults. That said it has not diminished our ambition and we still strive to achieve to reach as many young people as we can with an offer.

We have noted the petition and we have also noted the extent and nature of protests being mounted. It is fair to say that when changes of this nature are proposed differing ideologies tend to clash creating opposition activity. However, it has had an interesting effect in terms of the success of the consultation with over 1,000 respondents so far, 1,050 yesterday, 50 paper returns, and 3,500 papers have been issued regarding the consultation. We have actually seen a rise in interest for the vision and proposals that I put forward.

To address your questions firstly about research I can cite a number of examples from across the country about various Shire

authorities like Surrey, but perhaps most relevant given the topography of the county and the issues faced by communities in terms of deprivation and rural isolation is probably Cumbria which has no in-house Youth Service and commissions all of its provision from the VCI.

The National Youth Agency and the National Youth Council are voluntary youth services. Both organisations we are working with have provided us with considerable expertise and research about best practice from around Britain, so our research basis is sound.

We have heard much about the voluntary sector youth workers being untrained and inexperienced. Quite frankly I do not buy that assertion. As an Authority we will put in place rigorous quality assurance procedures. We already offer a range of free training for the VCI sector which includes courses on teenage pregnancies, sexual health and a whole range of issues relevant to working with young people. Most relevant, especially to those small groups in the county that in the past were largely unsupported by our youth workers, we offer the Volunteer Passport Scheme which incorporates five pieces of training, including health and safety, safeguarding, and incorporates a free CRB check. This will ensure a minimum standard of competence and safety amongst many small groups which is currently hard to quantify and monitor.

Regarding transitions, we will put in place transition plans where there was an identified particular need, as with any sensible Authorities in making changes of this magnitude. The transition from the old to the new will be carefully project managed.

Finally, on a Plan B we are clear that there has to be a change both for the sake of reaching more young people and targeting our resources on those that most need it and for achieving the significant savings that this Authority has to find. The consultation will inform the shape of a new youth offer when it has concluded and the results have been analysed.

A supplementary question was asked as follows:-

The public consultations that have taken place, have you advertised those sufficiently?

Councillor Lewis responded as follows:-

Yes, I believe we have advertised sufficiently.

04/12 COUNCILLOR QUESTIONS No Councillor questions had been received.

05/12 QUESTIONS ON THE FUNCTIONS OF THE DERBYSHIRE POLICE AUTHORITY AND THE DERBYSHIRE FIRE AUTHORITY No questions had been received.

06/12 COUNCIL MINUTES On the motion of Councillor G D Wharmby, duly seconded,

RESOLVED that the minutes of the meeting of Council held on 7 December 2011 be approved as a correct record and signed by the Chairman.

07/12 CABINET On the motion of Councillor A I Lewer, duly seconded,

RESOLVED that the minutes of the meetings of Cabinet held on 13 December 2011 and 10 January 2012 be received and adopted.

08/12 REGULATORY – LICENSING AND APPEALS COMMITTEE On the motion of Councillor R A Parkinson, duly seconded,

RESOLVED that the minutes of the meeting of the Regulatory – Licensing and Appeals Committee held on 28 November 2011 be received and adopted.

09/12 REGULATORY – PLANNING COMMITTEE On the motion of Councillor M Ford, duly seconded,

RESOLVED that the minutes of the meetings of the Regulatory - Planning Committee held on 5 December 2011 and 9 January 2012 be received and adopted.

10/12 PENSIONS COMMITTEE On the motion of Councillor P Makin, duly seconded,

RESOLVED that the minutes of the meetings of the Pensions Committee, as administering authority and as employing authority, held on 2 December 2011 be received and adopted.

11/12 INVESTMENT COMMITTEE On the motion of Councillor S J Ellis, duly seconded,

RESOLVED that the minutes of the meeting of the Investment Committee held on 5 December 2011 be received and adopted.

12/12 **IMPROVEMENT AND SCRUTINY COMMITTEE – PEOPLE** On the motion of Councillor Mrs G A Farrington, duly seconded,

RESOLVED that the minutes of the meetings of the Improvement and Scrutiny Committee – People held on 17 November and 19 December 2011 be received and adopted.

13/12 **IMPROVEMENT AND SCRUTINY COMMITTEE – RESOURCES** On the motion of Councillor P Murray, duly seconded,

RESOLVED that the minutes of the meeting of the Improvement and Scrutiny Committee – Resources held on 23 November 2011 be received and adopted.

14/12 **IMPROVEMENT AND SCRUTINY COMMITTEE – PLACES** On the motion of Councillor W Major, duly seconded,

RESOLVED that the minutes of the meetings of the Improvement and Scrutiny Committee – Places held on 16 November 2011 be received and adopted.

15/12 **BUDGET CONSULTATION** A report was presented on the results of the budget consultation exercise that had been undertaken in the preparation of the 2012/3 Budgets.

On the motion of Councillor A I Lewer, duly seconded,

RESOLVED that the views of the on-line consultation respondents and other consultees be taken into account in determining the revenue and capital budgets for 2012/13.

16/12 **REVENUE BUDGET 2012/13** Recommendations were made by Cabinet on the Budget for 2012/13. The proposals are within the context of currently known information about the Budget 2011/12, Formula Grant and other funding announcements; Taxbase and Collection Fund information; pay, price, pension and other base budget assumptions; budget reduction targets; service pressures; reserves; and five year financial planning.

The predicted budget outturn for 2011/12 showed an overall departmental under-spend of approximately £6m, although part of the overall under-spend would need to be carried forward into 2012/13.

The Government had announced details of the Provisional Local Government Finance Settlement for 2012/13 and the Formula Grant allocation for 2012/13 was £196.621m, a reduction of 7.3% compared to the adjusted 2011/12 allocation of £211.061m. The final settlement was announced on 31 January 2012 and there had been no further changes.

To reflect the creation of the new style Academies, the Government was transferring elements of Local Education Authority spend into the funding stream for these schools. The adjusted Formula Grant allocation of £211.061m reflected a reduction for Academies of £1.666m. The Council was expected to receive an un-ringfenced grant of approximately £1m in 2012/13 to compensate for the Government overestimating the number of Academies that would be established in Derbyshire by 31 March 2013 with the grant being paid towards the end of the 2012/13 financial year.

In addition to the Formula Grant, there were a number of general un-ringfenced grants, details of which were set out and these related to General Grant, made up of two elements - the Early Intervention Grant and the Learning Disability and Health Reform Grant; the New Homes Bonus; and local Services Support Grant

The Council Taxbase, as notified by the borough/district councils had risen by 0.48%. The additional Council Tax due as a result of the increase in taxbase was £1.327m. It was disappointing to note the low levels of taxbase growth in some parts of the county.

The Collection Fund Position showed that six of the eight funds registered a surplus. It was disappointing to note the significant deficits being declared by particular Districts. The combined effect of the increase in taxbase and the improvement in the Collection Fund position resulted in an extra £1.552m in income from Council Tax.

Council Tax Freeze Grant was funding available to help councils freeze their Council Tax equivalent to a 2.5% rise, in 2012/13. Unlike the freeze grant for 2011/12, the Council Tax Freeze Grant for 2012/13 would be a single one-off payment, however, the Council was minded to accept the grant. The grant received for 2011/12 would continue to be paid at least over the current Spending Review period ending 2014/15.

The indicative grant allocation for 2012/13, based on the Government's projected taxbase figures, would be £7.004m. Due to the

one-off nature of the grant in 2012/13, it was proposed to use it to fund capital expenditure thereby reducing the Council's need to borrow.

The position on the Base Budget was set out along with the Budget Reduction Targets of £25.000m. Savings above this level could be retained by departments to offset costs in later years. The resulting split was: -

	Total £
Corporate	1,475,000
Chief Executive's	350,000
Corporate Resources	600,000
Children & Younger Adults	7,775,000
Environmental Services	4,750,000
Cultural & Community Services	975,000
Adult Social Services	9,075,000
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	25,000,000
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A number of service pressures had been identified by departments as part of the Five Year Financial Plan for 2012/13. The Council had reviewed the pressures as part of its budget setting process. After consideration of the priority of these pressures, in relation to the resources the Council had available, the pressures recommended for approval in 2012/13 were shown at Appendix One to the report. In addition, a further allocation of £0.435m was required to fund borrowing for the capital programme.

The Council's Contingency stood at £0.633m and included funding for the ongoing costs of Job Evaluation. Further proposals identified as part of the 2012/13 budget, included the following:

	£m
Job Evaluation	0.317
Pay Award	1.400
Non-standard Inflation	0.160
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	1.877
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The Net Budget Requirement and Financing for 2012/13 were: -

	£
Budget Before Pressures and Budget Reductions	541,807,781
<i>Plus Service Pressures – Ongoing</i>	10,817,000
<i>Plus Debt Charges</i>	435,000
<i>Plus Service Pressures – One-Off</i>	10,883,997
<i>Plus Single Status Contingency</i>	317,000
<i>Less Budget Reductions</i>	(25,000,000)
<i>Less Use of Risk Management Budget</i>	(2,803,778)
<i>Less Use of General Reserve</i>	(5,656,000)
Net Budget Requirement	530,801,000
<i>Less Formula Grant</i>	(196,620,575)
<i>Less Council Tax Freeze Grant</i>	(7,003,997)
<i>Less New Homes Bonus</i>	(839,584)
<i>Less Local Services Support Grant</i>	(2,286,731)
<i>Less General Grant</i>	(43,665,824)
Balance to be met from Council Tax	280,384,289

This was the equivalent of a Council Tax of £1,077.22 at Band D, a 0% increase over 2011/12.

The statutory requirements of the Local Government Act 2003 were set out, in particular the duty placed on the Director of Finance to report to the Council when it is making its statutory calculations required to determine its precept. Accordingly, the position in relation to the Council's reserves and the major pressures within the Five Year Financial Plan were outlined.

On the motion of Councillor A I Lewer, duly seconded,

RESOLVED to: -

- (i) Note the Local Government settlement and the Council Taxbase and Collection Fund positions as set out in the report.
- (ii) Note the details of the Council Tax Freeze Grant to be paid in 2011/12 and 2012/13 as outlined in Section (e).
- (iii) Note the Government's expectations about Council Tax levels for 2012/13 as outlined in section (q).

- (iv) Approve the level and allocation of budget reductions in Section (i) of the Revenue Budget Report (£25.000m).
- (v) Approve the contingency to cover Pay, Job Evaluation and non-standard inflation as outlined in Section (k) of the Revenue Budget Report (£2.510m). The Contingency to be allocated by the Director of Finance and Chief Executive once the pay award and non standard inflation have been agreed.
- (vi) Approve the priority growth items identified in Section (j) of the Revenue Budget Report (ongoing pressures - £10.817m, one-off pressures - £11.200m, debt charges- £0.435m).
- (vii) Approve the Council Tax requirement of £280,384,289 which is calculated as follows:

	£
Net Budget Requirement	530,801,000
Less Revenue Support Grant	(3,738,964)
Less National Non Domestic Rates	(192,881,611)
Less Council Tax Freeze Grant	(7,003,997)
Less New Homes Bonus	(839,584)
Less Local Services Support Grant	(2,286,731)
Less General Grant	<u>(43,665,824)</u>
	280,384,289

- (viii) Approve that the Director of Finance allocates cash limits amongst Cabinet portfolios; Chief Officers will then report to Cabinet on the revised service plans for 2012/13.
- (ix) Note the Director of Finance's comments about the robustness of the estimates, adequacy of reserves and potential liabilities that may arise in future years.
- (x) Note the Five Year Financial Plan projections of expenditure and income up to 2016/17 and that service departments be asked to address the issues covered by the projections in their review of service plans.
- (xi) Approve precepts of:

	<u>Amount Collected</u> £	<u>Collection Fund Surplus/(Deficit)</u> £	<u>Amount Actually Due</u> £
Amber Valley	44,457,073	14,868	44,471,941
Bolsover	24,694,428	(332,743)	24,361,685

Chesterfield	35,348,672	293,343	35,642,015
Derbyshire Dales	32,179,233	(227,107)	31,952,126
Erewash	38,355,280	440,913	38,796,193
High Peak	34,448,419	44,350	34,492,769
North East Derbyshire	35,652,642	246,523	35,899,165
South Derbyshire	34,643,395	125,000	34,768,395
Total	279,779,142	605,147	280,384,289

- (xii) Approve that billing authorities are informed of the Council Tax levels arising from the budget proposals as follows:

Council Tax

<u>Band</u>	<u>2011/12</u>	<u>2012/13</u>
	<u>£</u>	<u>£</u>
A	718.15	718.15
B	837.84	837.84
C	957.53	957.53
D	1,077.22	1,077.22
E	1,316.60	1,316.60
F	1,555.98	1,555.98
G	1,795.37	1,795.37
H	2,154.44	2,154.44

At the request of at least 5 Members, a recorded vote was taken and recorded as follows –

For the motion (33) - Councillors J A Allsop, Mrs S M Allsop, R B Baldry, Mrs J N Blake, D Bowley, S J Bradford, Ms T Critchlow, S J Ellis, Mrs G A Farrington, M Ford, J P Harrison, Mrs C A Hart, G K Hickton, J C Jackson, C W Jones, M Lacey, A I Lewer, B Lewis, M V Longden, G J E MacDonald, W Major, P Makin, P Murray, K L Parkinson, R A Parkinson, Mrs J E Patten, G W Purdy, Mrs G P Reddy, S A Spencer, Mrs J A Twigg, G D Wharmby, Mrs J Wharmby and D Wilson.

Against the motion (28) - Councillors D Allen, Mrs E Atkins, Mrs G Birkin, Ms S L Blank, Mrs M W Booth, W Burrows, D Chapman, Mrs C M Cox, J A Coyle, J E Dixon, S Flitter, K Gillott, R L Hosker, B C Lucas, K P Morgan, Mrs C Pidgeon, B Ridgway, P J Riggott, A H Rogers, R W

Russell, P J Smith, K Stevenson, Mrs M Stockdale, D Stone, D B Taylor, Ms A Western, D J Wilcox and J G Williams.

Abstained (0)

17/12 PRUDENTIAL CODE FOR CAPITAL FINANCE, CAPITAL PROGRAMME APPROVALS AND TREASURY MANAGEMENT STRATEGY

A report was presented on Cabinet's recommendations to Council required under the Prudential Code for Capital Finance for a capital starts programme for 2012/13, the Minimum Revenue Provision (MRP) policy for 2012/13, and compliance with, and setting limits under CIPFA's Prudential Code and the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, and a Treasury Management Strategy for 2012/13.

The main limiting factor on the Council's ability to undertake capital expenditure was whether the revenue resource were available to support in full the implications of capital expenditure, both borrowing costs and running costs, after allowing for any support provided by central government, now mainly through capital grants.

The proposals for capital expenditure related borrowing and estimated impact on the Council's revenue accounts in the next three years were reported.

The proposed new starts programme for 2012/13 had been evaluated and was recommended as detailed in Appendix 1 to the report.

The proposals for capital expenditure related borrowing and the estimated impact on the Council's revenue accounts in the next three years are shown below.

	2010-11 Actual £m	2011-12 Estimate £m	2012-13 Estimate £m	2013-14 Estimate £m	2014-15 Estimate £m
*Capital Expenditure	98.70	115.20	144.70	112.30	73.80
Funding sources:					
Borrowing	11.50	53.30	44.50	48.70	36.30
Capital receipts	5.20	1.70	6.90	16.10	0.70
Capital grants	77.70	55.30	76.50	42.80	31.30
Revenue	4.30	4.90	16.80	4.70	5.50
*Capital Financing Requirement (CFR) (underlying need to borrow for capital purposes)					
Total CFR at year end	528.90	559.10	579.54	603.00	613.30
Net movement in CFR	30.80	30.20	20.40	23.50	10.30

Minimum Revenue Provision	22.00	23.10	24.06	25.24	26.00
PFI & Leases in CFR	93.5	91.5	89.2	86.9	84.3
PFI & Leases in MRP	1.4	2.1	2.2	2.4	2.5

(*These are prudential indicators.)

The Prudential Code specifies one prudential indicator in respect of Treasury Management and the Council had adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes as revised in November 2009. In addition, the Council is required to take account of guidance received from Communities and Local Government (CLG) in respect of Investment Strategy. The proposed Treasury Management Strategy for 2012-13, which incorporated these requirements, was attached as Appendix 2 to the report.

CIPFA recommended in the revised Treasury Management Code of Practice that Councils should amend their Financial Regulations to adopt four important clauses in respect of treasury management activity. These clauses related to:

- The creation and maintenance of a treasury management policy statement and treasury management practices.
- Minimum reporting requirements to council on treasury management matters.
- Delegation of responsibility for the implementation, regular monitoring and execution of its treasury management policies and practices
- Delegation of responsibility for the effective scrutiny of those policies and practices.

These clauses were reproduced as Appendix 3 together with the policy statement recommended by CIPFA.

On the motion of Councillor J P Harrison, duly seconded,

RESOLVED (1) that the 2012-13 Capital Starts Programme as detailed in Appendix 1 to the report be approved, and that further reports on the detailed schemes be submitted to Cabinet;

(2) that the MRP policy for 2012-13 as detailed in paragraph 2.10 be approved;

(3) to adopt of the Prudential Indicators as described in paragraphs 2.5, 2.6, 2.8 and 2.12-2.16 of the report;

(4) to approve the Treasury Management Strategy for 2012-13 as described in Appendix 2, and taking into account the guidance issued by the CLG as described in paragraph 9(b); and

(5) to adopt CIPFA's Code of Practice on Treasury Management and Cross Sectoral Guidance Notes (revised November 2009), as shown in Appendix 2, and the Treasury Management Policy Statement as specified in the Treasury Management Code of Practice and set out in Appendix 3.