

**MINUTES** of the meeting of the **DERBYSHIRE COUNTY COUNCIL**  
held on 6 February 2013 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, Mrs G Birkin, , Ms S L Blank, Mrs M W Booth, D Bowley, S J Bradford, W Burrows, D Chapman, A F Charles, 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, G J E MacDonald, W Major, P Makin, K P Morgan, P Murray, K L Parkinson, R A Parkinson, Mrs J E Patten, G W Purdy, Mrs G P Reddy, B Ridgway, A H Rogers, R W Russell, P J Smith, S A Spencer, K Stevenson, Mrs M Stockdale, D B Taylor, Mrs J A Twigg, Ms A Western, Mrs J Wharmby, D J Wilcox and D Wilson.

**01/13      APOLOGIES FOR ABSENCE** Apologies for absence were submitted on behalf of Councillors B C Lucas, C R Moesby, Mrs C Pidgeon, J N Stevens, D Stone and J G Williams, .

**02/13      DECLARATIONS OF INTEREST**      There      were      no declarations of interest.

**03/13      CHAIRMAN'S ANNOUNCEMENTS**      The      following announcements were made:-

(1) Pupils and teachers from Parkside Junior School, Ashbourne were welcomed to the meeting.

(2) St Mary's Catholic High School, Chesterfield had received an Ofsted outstanding judgement in October 2012 and inspectors recognised the outstanding progress that students make across the school, leading to high levels of attainment. In particular, the inspectors acknowledged that "the school has been led outstandingly well by the Headteacher and a strong leadership team." That success had now also been formally recognised in congratulatory letters from Michael Gove (Secretary of State for Education) and David Laws (Minister for Education). The school was applying for Teaching School status and was working closely with the Derbyshire Advisory Service as strategic partners in developing a Teaching School Alliance in the north east of

the county. Mr Sean McClafferty, Headteacher, was presented with the letter from the Secretary of State.

(3) The Chairman expressed his sincere thanks to all Officers and colleagues who he had had the pleasure of working with over the last four years – but more particularly over the last two years during his time as Chairman of the Council. Thanks were extended to the Vice Chairman, Councillor J C Jackson, for supporting the Chairman during this period.

**04/13            PUBLIC QUESTIONS**    There were no public questions.

**05/13            COUNCILLOR QUESTIONS**    There were no Councillor questions.

**06/13            COUNCIL MINUTES**    On the motion of Councillor G D Wharmby, duly seconded,

**RESOLVED** that the minutes of the meeting of Council held on 5 December 2012 be approved as a correct record and signed by the Chairman.

**07/13            CABINET**    On the motion of Councillor A I Lewer, duly seconded,

**RESOLVED** that the minutes of the meetings of Cabinet held on 27 November and 18 December 2012 and 22 and 29 January 2013 be received and adopted.

**08/13            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 10 December 2012 be received and adopted.

**09/13            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 3 December 2012 and 7 January 2013 be received and adopted.

**10/13            INVESTMENT COMMITTEE**    On the motion of Councillor S J Ellis, duly seconded,

**RESOLVED** that the minutes of the meetings of the Investment Committee held on 26 November 2012 be received and adopted.

**11/13      PENSIONS COMMITTEE**      On the motion of Councillor P Makin, duly seconded,

**RESOLVED** that the minutes of the meeting of the Pensions Committee, as an Administering Authority and as an Employing Authority, held on 4 December 2012 be received and adopted.

**12/13      DERBYSHIRE POLICE AND CRIME PANEL**      On the motion of Councillor D Chapman, duly seconded,

**RESOLVED** that the minutes of the meetings of the Derbyshire Police and Crime Panel held on 10 and 31 January 2013 be received and adopted.

**13/13      MINUTES OF MEETING OF THE DERBYSHIRE FIRE AUTHORITY**      The Minutes of the meeting of the Derbyshire Fire Authority held on 27 September 2012 were received.

**14/13      BUDGET CONSULTATION RESULTS**      A report was presented on the results of the budget consultation exercise that had been undertaken in the preparation of the 2013/14 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 2013/14.

**15/13      REVENUE BUDGET 2013/14**      Council was asked to approve the Revenue Budget for 2013/14 as commended by Cabinet at its meeting on 29 January 2013.

The proposals were within the context of currently known information about Budget Monitoring in 2012/13; Business Rates Retention Scheme 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 2012/13 showed an overall departmental overspend of approximately £3.902m, which would be offset by underspends on the Risk Management and Debt Charges

budgets to give an overall underspend for the Council of £7.1m. The estimated overspend on Adult Care was largely dependent upon the achievement of savings relating to Fieldwork and Direct Care.

The Government announced details of the Provisional Local Government Finance Settlement for 2013/14 on 19 December 2012. From April 2013/14, local authorities would be funded through the Business Rates Retention scheme, which provided a direct link between business rates growth and the amount of money councils spend on services. Where a council's business rates income was higher than its current spending, it would make a tariff payment to Government. Similarly, where councils had greater needs than their business rates income, they would receive a top-up payment from Government. The levels of tariffs and top-ups would remain fixed each year, but would increase in line with the Retail Price Index. In addition, safety net payments would be made to a local authority if its business rates fell by a certain amount. The Safety Net would be funded by a levy paid by those councils whose business rates income increased by a disproportionate amount compared to their needs. Details of the Finance Settlement were reported to Cabinet on 22 January 2013, although some important announcements were still outstanding.

From April 2013 there would be a change to the way in which council tax benefits are administered. Currently all benefits are paid in accordance with a national scheme which the Government funded at a rate of 100% of benefits paid. In future, the council tax billing authorities (in Derbyshire's case this was the district and borough councils) were required to develop a local scheme which they would administer at the same time as the Government cut their support to benefits by 10%.

Billing Authorities had a number of options for meeting the shortfall in funding. In Derbyshire the district and borough councils were opting for schemes which reflect the reduction in Government grants available and seek to recover a larger council tax contribution from working age recipients of the benefit. This was likely to result in increased non-collection of council tax, the cost of which would have to be met by the billing and precepting authorities, of which the County Council had to take the largest share.

In October, the Government announced details of a transitional grant scheme for localised council tax support. Billing and major precepting authorities would be eligible for the grant if they adopted schemes which complied with new criteria set out by the Government to limit the impact of the changes on low income households. As a precepting authority, the Council would receive funding from Government for each scheme in the area that complied with the terms of the grant. If all the billing

authorities in the County were to meet the requirements of the grant, the Council would receive an allocation of £0.956m to offset the reduced income from council tax that would follow from adopting the Government's limits for impact on individual benefit claimants. This funding will not be available in 2014/15.

Details of the general grants allocated to the Council in 2013/14 were set out in the Settlement Report considered by Cabinet on 22 January 2013. A summary of the general grant allocations was:-

	<b>£m</b>
New Homes Bonus	1.305
Lead Local Flood Authority	0.208
Social Fund	1.855
Education Services Grant	12.347
Community Right to Challenge	0.009
Local Reform and Community Voices	0.635
New Homes Bonus – residual amount of top-slice	0.843
Safety Net – residual amount of top-slice	0.237
	<b>17.439</b>

The above figures for Education Services Grant and the residual amounts of the top-slices from the Business Rates Retention Scheme for the New Homes Bonus and Safety Net are the Council's estimates, as the allocations were still to be announced by Government. Any difference in the amount allocated would be adjusted through the Risk Management budget in the first instance and, although unlikely, additional budget reductions may be necessary.

The Government is still to announce details of the allocation for Extended Rights to Free Travel. There had been no details of the quantum, therefore the Council was unable to make an estimate of the amount to be allocated. Again, any allocation would be adjusted through the Risk Management Budget.

On 24 January 2013, the Government announced that the £150m top-sliced from the national control total, would be returned to local authorities as part of reforms to the adoption system. Of the total, £50m would be ring-fenced to address 'structural problems' with adopter recruitment. Individual local authority allocations were still to be announced.

The Government had confirmed that the amount to be transferred from the NHS to local authorities to support adult social care services, which also benefit health, will be £859m. Previously, these transfers had been £648m in 2011/12 and £622m in 2012/13. From April 2013 the funding

would be transferred from the NHS Commissioning Board as Primary Care Trusts were being abolished. The allocation for the Council was £12.983m, an increase of £3.522m compared to the 2012/13 allocation. The grant was ring-fenced and would be allocated to the Adult Care budget.

From April 2013, the Council would assume responsibility for local Public Health expenditure which would be funded from a ring-fenced grant.

The taxbase, as notified by the borough/district councils, had been reduced due to the introduction of Council Tax Benefit Localisation.

<b>Taxbase</b>	<b>Band D Properties 2012/13 £</b>	<b>Band D Properties 2013/14 £</b>	<b>Change %</b>
Amber Valley	41,270.19	36,233.99	-12.20
Bolsover	22,924.22	19,379.56	-15.46
Chesterfield	32,814.72	27,153.97	-17.25
Derbyshire Dales	29,872.48	27,675.18	-7.36
Erewash	35,605.80	30,969.20	-13.02
High Peak	31,979.00	28,568.00	-10.67
North East Derbyshire	33,096.90	28,810.91	-12.95
South Derbyshire	32,160.00	29,359.00	-8.71
	<b>259,723.31</b>	<b>228,149.81</b>	<b>-12.16</b>

The reduction in the taxbase resulted in a cost to the Council of £34.012m and was netted off by an increase in funding received from Government which totalled £35.257m to reflect the changes to Council Tax Benefit Localisation. This funding was included in the Business Rates Retention funding. However, after adjusting for the expected increase in tax base which routinely occurred, to reflect new properties, changes to Council Tax banding etc, the additional funding did not reflect the actual cost to the Council by around £0.5m.

Each borough/district council used a Collection Fund to manage the collection of council tax. In 2012/13 six of the eight funds registered a surplus leading to an overall surplus due to the Council of £0.605m. The number in surplus in 2013/14 was four but the total surplus had risen to £0.655m.

	<b>Collection Fund</b>	
	<b>2012/13 £</b>	<b>2013/14 £</b>
Amber Valley	14,369	152,318

Bolsover	(332,743)	0
Chesterfield	293,343	(83,159)
Derbyshire Dales	(227,107)	(46,679)
Erewash	440,913	89,256
High Peak	44,350	229,520
North East Derbyshire	246,523	314,154
South Derbyshire	125,000	0
	<b>604,648</b>	<b>655,410</b>

In October, the Government announced its intention to again make funding available to help councils freeze their Council Tax in 2013/14. Unlike the previous freeze grant offers, the Council Tax Freeze Grant available would be equivalent to a 1% increase in the 2012/13 council tax income and would be paid in both 2013/14 and 2014/15. The grants received for 2011/12 and 2013/14 would, therefore, be paid until the end of the current Spending Review period in 2014-15. The freeze grant for 2012/13 was a one-off payment only.

The indicative grant allocation for 2013/14, based on the projected taxbase figures, would be £2.815m. The allocation would be paid in addition to the 2011/12 allocation of £6.961m, making a total of £9.776m. The 2011/12 allocation had been included in the Business Rates Retention allocation. Final grant allocations would be published in March 2013, when Government received figures from billing authorities for the taxbase in 2013/14. Any difference in the projected figures and the final allocation would be adjusted through the Risk Management budget.

As part of the base Budget, the following issues had been considered:-

- Single Status was introduced in 2010/11, with those employees who saw a reduction in pay for their substantive posts received pay protection for three years. As 2012/13 was the final year of pay protection, departmental budgets had been reduced accordingly. However, a further £1.750m had been allocated to departments to reflect successful appeals and the pension fund contribution for Single Status.
- From April 2013, the Council would assume responsibility for the administration of Community Care Grants and Crisis Loans for which the Government had made an allocation of additional grant (£1.855m).
- The budget for Children and Younger Adults had been reduced by £1.687m to reflect the Government's decision to reduce the Early Intervention Grant and transfer funding to the Dedicated Schools Grant for two-year olds. However, it was noted that the

actual reduction in Early Intervention Grant was much higher, at around £8m.

- Price inflation had been calculated on specific items based on price information. There had been significant reductions in both gas and electricity prices due to the Council's ability to use 'purchasing windows' at various times of the year through the Government Procurement Services framework. Non-specific items had been increased by the target Consumer Price Index (around 2%).
- The Government's Autumn Statement 2011 announced a 1% cap on public sector pay, following the current two-year pay freeze. Whilst this did not apply to local authorities, the budget reflected an estimated pay award of 1% (£2.312m). This had been allocated to the Contingency Budget and would be allocated to departments once a final decision was made regarding pay awards for 2013/14.

The Council had set aside £0.150m to support an increase in foster care payments. The amount would be allocated out of Contingency once the need for additional sums has been justified.

The Council had built the delivery of recurring savings into its forward financial planning for a number of years. The Five Year Financial Plan identified that savings of £24.840m should be made and released from departmental budgets. Savings above this level could be retained by departments to offset costs in later years. The resulting split was: -

	<b>Total £</b>
Corporate	1,466,000
Chief Executive's	348,000
Corporate Resources	596,000
Children & Younger Adults	7,725,000
Environmental Services	4,719,000
Cultural & Community Services	969,000
Adult Care	9,017,000
	<hr/>
	24,840,000
	<hr/>

The Appendix 2 to the report showed details of the proposed savings for 2013/14. In addition to the above, the debt charges budget had been reduced by £2m to give a total budget reduction of £26.840m. This



reflected the continued slowdown in the Capital Programme that required borrowing as a funding source.

A number of service pressures had been identified by departments as part of the Five Year Financial Plan for 2013/14. After consideration of the priority of these pressures, in relation to the resources available, the pressures recommended for approval in 2013/14 were shown at Appendix One to the report.

The Council maintained a Contingency Budget which had been used to help manage the implementation of Single Status as well as to set aside sums for pay and price increases over which there was some uncertainty. The proposals identified as part of the 2013/14 budget were:-

	£m
Pay Award	2.312
Foster Care Allowances	0.150
	<u>2.462</u>

It was proposed that the costs associated with the budget be met in the following way:

	£
<b>Budget Before Pressures and Budget Reductions</b>	<b>541,156,832</b>
<i>Plus Service Pressures – On-going</i>	9,667,500
<i>Plus Service Pressures – One-Off</i>	8,755,514
<i>Plus Debt Charges</i>	600,000
<i>Less Budget Reductions</i>	(26,840,000)
<i>Less Use of Risk Management Budget</i>	(34,846)
<b>Net Budget Requirement</b>	<b>533,305,000</b>
<i>Less Top-Up</i>	(82,529,067)
<i>Less Business Rates</i>	(16,419,735)
<i>Less Revenue Support Grant</i>	(148,220,564)
<i>Less Council Tax Freeze Grant</i>	(2,814,687)
<i>Less Council Tax Support Transition Grant</i>	(955,514)
<i>Less New Homes Bonus</i>	(1,305,841)
<i>Less Local Services Support Grant</i>	(207,562)
<i>Less General Grant</i>	(15,925,142)
<i>Less PFI Grant</i>	(10,503,833)
<i>Less Use of General Reserve</i>	(3,000,000)

Less Use of Earmarked Reserves	(5,000,000)
<b>Balance to be met from Council Tax</b>	<b><u>246,423,055</u></b>

This was the equivalent of a council tax of £1,077.22 at Band D, a 0% increase over 2012/13.

The Council had maintained a Risk Management Budget for a number of years, the purpose of which was to provide a base budget from which the Council can help manage some of the longer term risks and pressures, alongside the resources available in the General Reserve. Any unused balance on the Risk Management Budget was contributed to the General Reserve at the year end.

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** that Council:-

- (1) notes the Local Government settlement and the Council Taxbase and Collection Fund positions as set out in the report.
- (2) notes the details of the Council Tax Freeze Grant to be paid in 2013/14 as outlined in Section (e) of the report.
- (3) notes the Government's expectations about Council Tax levels for 2013/14 as outlined in section (q) of the report.
- (4) approves the level and allocation of budget reductions in Section (i) of the report (£26.840m).
- (5) approves the contingency to cover Pay and non-standard inflation as outlined in Section (k) of the report (£2.462m), the Contingency to be allocated by the Director of Finance and Chief Executive once the pay award and non-standard inflation has been agreed.
- (6) approves the priority growth items identified in Section (j) of the report (on-going service pressures - £9.668m, on-going debt charges growth, £0.600m, one-off pressures - £8.756m).

(7) approves the Council Tax requirement of £246.423m calculated as follows:

	£
<b>Budget Before Pressures and Budget Reductions</b>	<b>541,156,832</b>
<i>Plus Service Pressures – On-going</i>	9,667,500
<i>Plus Service Pressures – One-Off</i>	8,755,514
<i>Plus Debt Charges</i>	600,000
<i>Less Budget Reductions</i>	(26,840,000)
<i>Less Use of Risk Management Budget</i>	(34,846)
<b>Net Budget Requirement</b>	<b>533,305,000</b>
<i>Less Top-Up</i>	(82,529,067)
<i>Less Business Rates</i>	(16,419,735)
<i>Less Revenue Support Grant</i>	(148,220,564)
<i>Less Council Tax Freeze Grant</i>	(2,814,687)
<i>Less Council Tax Support Transition Grant</i>	(955,514)
<i>Less New Homes Bonus</i>	(1,305,841)
<i>Less Local Services Support Grant</i>	(207,562)
<i>Less General Grant</i>	(15,925,142)
<i>Less PFI Grant</i>	(10,503,833)
<i>Less Use of General Reserve</i>	(3,000,000)
<i>Less Use of Earmarked Reserves</i>	(5,000,000)
<b>Balance to be met from Council Tax</b>	<b><u>246,423,055</u></b>

(8) approves that the Director of Finance allocates cash limits amongst Cabinet portfolios; Chief Officers will then report to Cabinet on the revised service plans for 2013/14.

(9) notes the Director of Finance's comments about the robustness of the estimates and adequacy of reserves.

(10) notes the Five Year Financial Plan projections of expenditure and income up to 2017/18 and that service departments be asked to address the issues covered by the projections in their review of service plans.

(11) approves precepts of:

	<u>Amount Collected</u> £	<u>Collection Fund Surplus/(Deficit)</u> £	<u>Amount Actually Due</u> £
Amber Valley	39,031,996	152,318	39,184,314
Bolsover	20,876,059	0	20,876,059
Chesterfield	29,250,812	(83,159)	29,167,653
Derbyshire Dales	29,812,270	(46,679)	29,765,591
Erewash	33,360,656	89,256	33,449,912
High Peak	30,774,034	229,520	31,003,554
North East Derbyshire	31,035,702	314,154	31,349,856
South Derbyshire	31,626,116	0	31,626,116
<b>Total</b>	<b>245,767,645</b>	<b>655,410</b>	<b>246,423,055</b>

(12) approves that billing authorities are informed of the Council Tax levels arising from the budget proposals as follows:

#### Council Tax

<u>Band</u>	<u>2012/13</u>	<u>2013/14</u>
	£	£
A	718.15	718.15
B	837.84	837.84
C	957.53	957.53
<b>D</b>	<b>1,077.22</b>	<b>1,077.22</b>
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 (36) - Councillors J A Allsop, Mrs S M Allsop, Mrs E Atkins, D Bowley, S J Bradford, Ms T Critchlow, S J Ellis, S Flitter, 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, K Morgan, P Murray, K L Parkinson, R A Parkinson, Mrs J E Patten, G W Purdy, Mrs G P Reddy, A H Rogers, R W Russell,

S A Spencer, D B Taylor, Mrs J A Twigg, G D Wharmby, Mrs J Wharmby and D Wilson.

Against the motion (16) - Councillors D Allen, Ms S L Blank, W Burrows, D Chapman, A F Charles, Mrs C M Cox, J A Coyle, J E Dixon, K Gillott, R L Hosker, B Ridgway, P J Smith, K Stevenson, Mrs M Stockdale, Ms A Western and D J Wilcox.

Abstained (0).

**16/13      PRUDENTIAL CODE FOR CAPITAL FINANCE, CAPITAL PROGRAMME APPROVALS AND TREASURY MANAGEMENT STRATEGY**

The Prudential Code for Capital Finance in Local Authorities set out a framework for self-regulation of capital spending; in effect allowing councils to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable, subject to Government reserve powers to restrict borrowing for national economic reasons.

To facilitate the decision making process and support capital investment decisions, the Code required the Council to agree and monitor a number of prudential indicators. The indicators covered affordability, prudence, capital expenditure, debt levels and treasury management. These indicators also formed the basis of in-year monitoring and reporting.

The Council would receive government grant of over £40m to address key issues in highways maintenance, develop integrated transport schemes and address the most immediate condition problem in schools. The Council was unsuccessful in its bid into the national Priority School Building Programme last year and had therefore continued its programme to address the most urgent school replacement requirements using a combination of borrowing and reserves.

Included in the programme already was the remaining expenditure on the MEGZ project which was due for completion in 2016-17. This was to be financed from the sale of land at the site to the developer although every effort was being made to identify additional grant funding to assist in financing the project.

The borrowing costs associated with all capital expenditure would be reduced by the use for financing of capital receipts from the sale of surplus assets and, in 2013-14, by £5m from earmarked reserves no longer required and £2.8m from the Council Tax Freeze Grant.

The proposed new starts programme for 2013-14, as shown in detail in Appendix 1, had been evaluated and was recommended to proceed.

Details of the actual and estimated figures are shown below. The table incorporated schemes already approved, completed or still in progress plus the proposed new starts for 2013-14, and estimates for 2014-15 and 2015-16. The costs and financing are spread accordingly over future years.

	2011-12 Actual £m	2012-13 Estimate £m	2013-14 Estimate £m	2014-15 Estimate £m	2015-16 Estimate £m
<b>*Capital Expenditure</b>	104.60	103.80	151.90	121.60	52.20
<b>Funding sources:</b>					
Borrowing	10.10	8.10	79.50	71.70	21.40
Capital receipts	1.70	10.00	7.50	11.70	7.20
Capital grants	82.20	67.00	45.50	31.80	21.60
Revenue	10.60	18.70	19.40	6.40	2.00
<b>*Capital Financing Requirement (CFR)</b> (underlying need to borrow for capital purposes)					
Total CFR at year end	516.40	502.50	560.50	607.90	602.80
Net movement in CFR	-12.50	-13.90	58.00	47.40	-5.10
Minimum Revenue Provision	22.60	22.00	21.50	24.40	26.50
PFI & Leases in CFR	91.5	89.2	86.9	84.3	81.6
PFI & Leases in MRP	2.1	2.2	2.4	2.5	2.7

*(\*These are prudential indicators.)*

The Local Authorities (Capital Finance and Accounting) (England) Amendment Regulations 2008 require local authorities to agree a policy on the calculation of the Minimum Revenue Provision (MRP) for each financial year. The MRP was the amount the authority had to provide for the repayment of debt. It was not proposed to change the policy, which is set out below.

*To provide 4% of debt outstanding on all debt as at 31 March 2008. On any new debt since this date to provide 4% of the balance on all borrowing unless any unsupported borrowing relates to any significant assets with a life of less than 20 years. In this case an annual amount based on the expected useful life of the individual assets is used and where those assets are vehicles then an average of 5 year lives are used.*

The Authority continues to have the option to make voluntary additional provision for debt repayment if it wishes.

The Prudential Code (revised in November 2009) specifies a number of prudential indicators in respect of external debt. The authorised limit represented the limit beyond which borrowing was prohibited and

needed to be set and revised if necessary by Members. It is proposed that the authorised limit should be set at £586m for 2013-14.

The operational boundary was based on the probable external debt during the course of the year; it was not a limit and actual borrowing could vary around this boundary for short times during the year. In practice it was unlikely that all of the potential borrowing requirements included in the authorised limit would materialise at once, therefore the operational boundary requirements would be somewhat lower and £539m was suggested as a realistic figure for 2013-14.

The Council was asked to approve the following authorised and operational limits:

<b>Authorised limit for external debt</b>	<b>2013-14 Estimate £m</b>	<b>2014-15 Estimate £m</b>	<b>2015-16 Estimate £m</b>
Borrowing	499	549	546
PFI liabilities	87	84	82
Total	586	633	628
<b>Operational boundary for external debt</b>	<b>2013-14 £m</b>	<b>2014-15 £m</b>	<b>2015-16 £m</b>
Borrowing	452	498	496
PFI & other long term liabilities	87	84	82
Total	539	582	578

These borrowing limits would be subject to monitoring and would be revised annually.

The Council had remained within all of the Prudential Indicators set for previous years, including in 2012-13.

The Prudential Code specified only one prudential indicator in respect of Treasury Management which was that the Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. In addition, the Council was required to take account of guidance received from Communities and Local Government (CLG) in respect of Investment Strategy. The proposed Treasury Management Strategy for 2013-14, which incorporates these requirements, was attached as Appendix 2.

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 relate 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.

On the motion of Councillor A I Lower, duly seconded.

**RESOLVED** that Council approves:

(1) the 2013-14 Capital Starts Programme as detailed in Appendix 1 to the report, and that further reports on the detailed schemes be brought to Council;

(2) the MRP policy for 2013-14 as detailed in paragraph 2.10;

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

(4) the Treasury Management Strategy for 2013-14 as described in Appendix 2, and taking into account the guidance issued by the CLG as described in paragraph 9(b); and

(5) the adoption of 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.

**17/13      PAY POLICY STATEMENT**      Section 38 of the Localism Act 2011 required local authorities to produce a pay policy statement for each financial year. The Pay Policy Statement also complied with the Code of Recommended Practice for Local Authorities on Data Transparency 2011 which required the publication of certain pay data and defined senior employees' pay as those who have an annual salary of £58,200 (FTE) and above.

The Pay Policy has been amended to reflect:-

- Revised Corporate Management Structures agreed by Cabinet in December 2012.



- The transfer of Public Health, including the Director of Public Health.
- The designation of a new Deputy Chief Executive

The Pay Policy Statement has been prepared in order to be as open and transparent as possible and would be made available on the Council's website.

It was important to note that pay differentials included in the Pay Policy showed that senior employees' pay in the Council was in the lower quartile when compared to national public sector pay levels produced by Hay.

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

**RESOLVED** that Council approves the Pay Policy Statement.

#### **18/13      AGREEMENT TO WAIVE THE CALL-IN PROVISIONS**

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

**RESOLVED** to note the report on the agreements to waive the call-in provisions.

#### **19/13      REPORT OF THE INDEPENDENT REMUNERATION PANEL**

Messrs A Hutchinson and I Orford, members of the Independent Remuneration Panel, attended the meeting to present the Panel's 2012/13 report. The Local Government Act 2000 and the Consolidated Members' Allowances Regulations 2003, and subsequent amendments, required Independent Remuneration Panels to offer advice and rules on what Councillors may claim as expenses and allowances.

The report referred to the specific issues that had been considered and made the following recommendations:-

#### **The Basic Allowance**

In our Report for 2011-12 the Panel indicated that it would again review the current level of the Member's Basic Allowance that was available to all Councillors, paid at £9,948 per annum. Their analysis of allowances paid to members of other Councils showed that the Derbyshire Basic Allowance was in the mid-range of Basic Allowances paid by other comparable 'Shire' counties. The Panel therefore recommended that the Derbyshire Basic Allowance should remain at the current level for 2013-14. However, and as indicated in the report for 2011-12, in accordance with current DCC practice, as set out in S.2(b) of the

Members Allowances Scheme, there was currently provision for an increase in line with any increase in the pay award for the Council's staff.

### **Special Responsibility Allowances**

The Panel had undertaken a further review of Special Responsibility Allowances (SRA) paid to Councillors, together with a small number of Co-optees (Independent Members), for additional roles undertaken on Council business. Although the analysis showed that Derbyshire County Council SRAs tend to be at the lower end of the range paid by other comparator Councils, the Panel recommended that in 2013-14 there should be no change to the level of the current allowances.

In addition the Panel explored the question of whether it was reasonable that some Councillors might receive two Special Responsibility Allowances at any one time. During 2012-13 there had been four Members who each held two Council positions in support of Cabinet Members or of Chairmen of Council committees. Each of these posts attracted an SRA paid at a level of £342.50 per month. Because the workload of any two of these posts in question should be manageable by one individual, the Panel considered that it was reasonable practice (and one that may improve the efficiency of Council business) to allow Councillors to draw a maximum of two lower level SRAs at any one time.

The Panel took the view that Council Members should only be eligible to receive one SRA where the level of responsibility was high, for example as in the case of a Cabinet Member post.

### **Review of allowances for SACRE members**

In the 2011-12 report the Panel reviewed the allowances available to members of the public who played a supporting role for the Council in their work on statutory committees. The Panel had continued to monitor the outcome of its recommendations and found that the new allowance system for Appeal Panel members was working satisfactorily. The Panel recommended that, on the principle of open governance, Appeal Panel members should continue to make subsistence claims against receipted expenditure.

The Panel had also explored whether any similar additional support was required for the members of the Standing Advisory Council on Religious Education. The panel had reviewed the support available to SACRE members and found that there did not appear to be any requirement to

change current practice on support and allowances for SACRE members.

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

**RESOLVED** (1) that the recommendations of the Panel be accepted; and (2) that increases in the allowances payable to Members continue to be subject to increases in line with the pay award for Council staff as set out in S.2(b) of the Members' Allowances Scheme.