

North East Derbyshire District Council

Cabinet

9 March 2016

Recommendation from the Audit and Corporate Governance Committee

Report of the Senior Governance Officer

This report is public

Purpose of the Report

- To advise Cabinet of a recommendation from the Audit and Corporate Governance Committee.

1 Report Details

1.1 The Audit and Corporate Governance Scrutiny Committee considered a report on the Medium Term Financial Plan – 2016-2019 at its meeting on 4 February 2016. An extract of the Minutes from that meeting relating to this item is attached at **Appendix 1**.

1.2 The Committee put forward the following recommendation to Cabinet:

The Committee requests Cabinet make the adoption of a District Council Local Plan at the earliest opportunity a key corporate priority for the Council.

2 Conclusions and Reasons for Recommendation

2.1 The recommendation of the Audit and Corporate Governance Scrutiny Committee is submitted for Cabinet's consideration.

3 Consultation and Equality Impact

3.1 None directly arising from this report.

4 Alternative Options and Reasons for Rejection

4.1 Not applicable.

5 Implications

5.1 Finance and Risk Implications

5.1.1 None directly arising from this report.

5.2 Legal Implications including Data Protection

5.2.1 None.

5.3 Human Resources Implications

5.3.1 None directly arising from this report.

6 Recommendations

6.1 To consider the recommendation put forward by the Audit and Corporate Governance Scrutiny Committee:

The Committee requests Cabinet make the adoption of a District Council Local Plan at the earliest opportunity a key corporate priority for the Council.

7 Decision Information

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	No
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	

8 Document Information

Appendix No	Title
1	Minute extract from the Audit and Corporate Governance Scrutiny Committee, 4 February 2016
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None.	
Report Author	Contact Number
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Audit and Corporate Governance Scrutiny Committee

4 February 2016

Minute Extract

580 Medium Term Financial Plan 2016/17 – 2018/19

The Committee considered Report No EDO/19/15-16/BM of the Executive Director - Operations which set out the Council's Medium Term Financial Plan 2016 to 2019 prior to a report being taken to Cabinet.

The Medium Term Financial Plan covered the following three areas:-

- General Fund Revenue Account;
- Housing Revenue Account (HRA);
- Capital Programme.

Cabinet's recommendations would be reported to Council at its meeting on 15 February 2016 to secure approval of the Council's budget for the financial year 2016/17. The report had been considered by the Audit and Corporate Governance Scrutiny Committee at its meeting on 4 February 2016.

The Council's Section 151 Officer was satisfied that the methodology adopted to calculate the estimates was robust and provided Members with reliable information on which to base their decisions. Likewise the Section 151 Officer was satisfied that the proposed level of reserves were adequate to cover the issues and potential risks which faced the Council.

General Fund Revenue Account

The Council had set its original budget for 2015/16 on the basis that it was necessary to secure savings of £0.500m. On the basis of the current estimates the Council would achieve these savings and secure a surplus of £0.414m. This provided a firm basis to address the Council's full financial position of the period of the Medium Term Financial Plan.

In terms of the 2016/17 budget this included a shortfall of £0.395m. Given the Council's previous performance in achieving savings targets, whilst challenging, this should be achievable. The Council needed to maintain its work on the growth and transformation agenda to secure the projected financial savings of £1.945m anticipated to be required by 2018/19.

Housing Revenue Account (HRA)

With regard to the HRA, the estimated outturn figures showed an overall surplus of £19,000 for 2015/16.

The key issues for the Housing Revenue Account was the Government's announcement that rent levels would be reduced by 1% per annum for a period of four years starting April 2016. This represented an estimated loss of rental income for North East Derbyshire District Council of £0.6m in 2016/17. Cumulatively, this would amount to a loss of income of £6m by April 2020.

In order to maintain the level of services and to maintain stock at the Decent Homes Standard, significant efficiency savings would need to be secured and the HRA Capital Programme would have to be carefully managed.

The impact of the 1% rent reduction would reduce the average rent for a council house from £85.62 per week on a four week basis to £84.76 per week.

Capital Programme

With regard to the Capital Programme the majority of the expenditure would continue to be in respect of the Housing Revenue Account Programme which was funded by Capital Resources ring fenced to the Council's Housing Revenue Account. The financial position to fund the ongoing programme of housing refurbishment work was planned to continue at a level of £9m to £10m per annum over the period 2016/17 to 2018/19. It was also proposed that funding for a scheme to build new homes in North Wingfield be included in the Capital Programme for future years.

In terms of the General Fund Capital Programme, the main item of expenditure would continue to be on vehicle replacement funded by Prudential Borrowing. The Programme required investment of £1.014m to secure replacement of the Council's Streetscene vehicles.

There was also the ongoing requirement for work in respect of private sector housing, together with asset refurbishment across the range of the Council's assets.

During consideration of the report, an error on page 40 of the report was corrected. There was also a discussion around the need for Cabinet to prioritise the adoption of a Local Plan. The proposed 1.95% Council Tax increase was also briefly debated.

RESOLVED: That :

1. The Committee notes the report prior to its consideration by Cabinet on 10 February 2016.
2. The Committee requests Cabinet make the adoption of a District Council Local Plan at the earliest opportunity a key corporate priority for the Council.