

CABINET

MINUTES OF MEETING HELD ON 13 FEBRUARY 2019

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CABINET

MINUTES OF MEETING HELD ON 13 FEBRUARY 2019

Present:

Councillor G Baxter MBE Leader (in the Chair)

Councillor N Barker
“ M Gordon

Councillor P R Kerry
“ J Lilley

Also Present:

D Swaine	-	Joint Chief Executive Officer
L Hickin	-	Joint Strategic Director – People
K Hanson	-	Joint Strategic Director – Place
K Apps	-	Acting Joint Head of Economic Development
D Clarke	-	Joint Head of Finance & Resources and Section 151 Officer
S Sternberg	-	Joint Head of Corporate Governance and Monitoring Officer
D Cairns	-	Senior Governance Officer

553 Apologies for Absence

Apologies for absence were received from Councillors E A Hill and R Smith.

554 Declarations of Interests

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

Councillor N Barker declared discloseable pecuniary interests in Item 4 on the Agenda – Medium Term Financial Plan 2019/20 to 2022/23, recommendations 6.8 to 6.14 only – arising from his membership of the Rykneld Homes Board.

Councillor N Barker left the room for consideration of the report in relation to these recommendations and did not take part in the vote.

555 Minutes of Last Meeting

RESOLVED – That the Minutes of the meeting of Cabinet held on 16 January 2019 be approved as a correct record and signed by the Leader.

Policy & Budget Framework Items**556 Medium Term Financial Plan 2019/20 to 2022/23**

Cabinet considered a report of Councillor P R Kerry, Portfolio Holder with Responsibility for Finance, which sought approval of the proposed budget for 2019/20 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2019/20 to 2022/23 and to provide elected Members with an overview of the Council's financial position in order to inform the decision making process.

The Medium Term Financial Plan covered three areas:-

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

Cabinet considered the report in respect of the General Fund only at this point.

Cabinet's recommendations were to be reported to Council at its meeting on 18 February 2019 in order to secure agreement for the Council's budget in respect of the 2019/20 financial year. The Audit and Corporate Governance Scrutiny Committee considered the Medium Term Financial Plan at its meeting on 31 January 2019.

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 was adequate to cover the issues and potential risks which the Council may face.

General Fund

The Council's budget for 2018/19 included a requirement to achieve efficiency savings of £0.434m to balance the budget. When the revised budget was considered in November 2018, Cabinet noted that savings target had been met in full. The final in-year surplus was dependent on the actual financial performance in line with the revised budget. It was agreed that any surplus generated in the financial year be transferred to the Invest to Save Reserve to be available for financing future transformation plans and service developments.

The proposed budget for 2019/20 showed a shortfall of £0.871m. Given the scale of the challenge that the Council would face in future years it was important that the savings be secured by underlying reductions in expenditure or increases in income. In particular the Council needed to maintain the momentum on the Growth and Transformation Agendas to put itself in a better position to secure the projected financial savings that it was anticipated would be required in future years.

The report set out details of the anticipated level of Government funding and other areas of income, as well as details of the expenditure changes forecast over the Medium Term Financial Plan period. An increase in Council Tax of 1.75% was proposed.

RESOLVED – That Cabinet refer to Council the recommendations below:-

- (1) That the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2019/20 to 2022/23 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.
- (2) That officers report back to Cabinet and the Audit & Corporate Governance Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budget for 2019/20 and future years.

GENERAL FUND

- (3) A Council Tax increase of £3.26 per annum is levied in respect of a notional Band D property (1.75%).
- (4) The Medium Term Financial Plan in respect of the General Fund as set out in Appendix 1 to the report be approved as the Current Budget 2018/19, as the Original Budget 2019/20, and as the financial projections in respect of 2020/21 to 2022/23.
- (5) That any under spend in respect of 2018/19 be transferred to the Invest to Save Reserve.
- (6) On the basis that income from Planning Fees is anticipated to exceed £0.400m in 2019/20, the Chief Executive in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

Councillor N Barker left the room at this point.

Cabinet went on to consider the remainder of the report in relation to the Housing Revenue Account and the Capital Programme.

Housing Revenue Account (HRA)

Setting the budget for the HRA involved the setting of rent levels in line with the Government's regulations which required a reduction in rent levels by 1% per annum for four years commencing from April 2016. The level of income generated from dwelling rents for 2019/20 was therefore set on this basis. This was to be the last year that this would apply. In future years it was assumed that rent policy would revert to increases in line with Consumer Price Index Housing plus 1% and this had been assumed in the forecasts.

When the revised HRA budget was considered in November 2018 a surplus of £0.930m was estimated, the surplus would be utilised to fund additional homes

and/or improved services to Council tenants in future financial years and it was agreed that all surpluses be transferred to the HRA Development Reserve.

The proposed budget for 2019/20 showed a balanced budget with a surplus of £0.762m which would be transferred to the Development Reserve.

The report set out details of the assumptions on which the budget was based and details of the proposed charges in relation to non-dwelling rents.

It was recommended that the Management Fee for Rykneld Homes Limited remain at £9.902m for 2019/20.

Capital Programme

Details of the proposed Capital Programmes in respect of the General Fund and the HRA over the period of the Medium Term Financial Plan were set out in the report.

RESOLVED – That Cabinet refer to Council the recommendations below:-

HOUSING REVENUE ACCOUNT

- (7) That Council sets its rent levels in line with Government regulations, reducing rent levels by a further 1% from 1 April 2019.
- (8) That increases in respect of all other charges be implemented in line with the table shown at paragraph 1.30 in the report with effect from 1 April 2019.
- (9) The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in Appendix 3 to the report be approved as the Current Budget in respect of 2018/19, as the Original Budget in respect of 2019/20, and the financial projection in respect of 2020/21 and 2022/23.
- (10) That the Management Fee for undertaking housing services at £9.902m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes Ltd in respect of 2019/20 be approved.
- (11) That Members endorse the section in the current Financial Protocol which enables the Council to pay temporary cash advances to Rykneld Homes Ltd in excess of the Management Fee in order to help meet the cash flow requirements of the company should unforeseen circumstances arise in any particular month.
- (12) That Members note the potential requirement to provide Rykneld Homes Ltd with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Chief financial Officer in consultation with the Portfolio Member for Finance to agree the contents of that letter.

CAPITAL PROGRAMME

(13) That the Capital Programme as set out in Appendix 4 to the report be approved as the Current Budget in respect of 2018/19, and as the Approved Programme for 2019/20 to 2022/23.

REASON FOR DECISION - To make recommendations on setting the budget in respect of the General Fund, Housing Revenue Account and Capital Programme to meet the Council's legal obligation to agree a balanced budget.

OTHER OPTIONS CONSIDERED AND REJECTED - Alternative options were considered throughout the process of the preparation of the budget and were outlined in the report.

(Head of Finance & Resources & S 151 Officer/
Chief Accountant)

Councillor N Barker returned to the meeting at this point.

Non Key Decisions

557 Corporate Plan Targets Performance Update – October to December 2018 (Qtr 3, 2018/19)

Cabinet considered a report of Councillor G Baxter MBE, Leader of the Council and Portfolio Holder for Corporate Strategy and Transformation, which reported the Quarter 2 outturns for the Corporate Plan 2015-2019 targets.

The report detailed progress on all key tasks and performance indicators that contributed directly to the priorities within the Council's Corporate Plan. For the period of review out of the 56 targets, 31 were on track, 18 had been achieved, four were flagged as 'alert' and two had been 'withdrawn' previously. Actions to address the targets on 'alert' were outlined in the report.

It was requested that target T12 – Develop an action plan to enable the delivery of the Derbyshire Thriving Families initiative – be withdrawn due to the reformulation of the approach taken by Derbyshire County Council.

RESOLVED – That:-

- (1) Progress against the Corporate Plan 2015-2019 targets be noted.
- (2) The withdrawal of T12, as noted in the report, be withdrawn.

REASON FOR DECISION - To inform Cabinet of the progress against the Corporate Plan targets and to note the achievements and areas of concern.

OTHER OPTIONS CONSIDERED AND REJECTED - There were no alternative options proposed.

(Information, Engagement and Performance Manager)

558 Future High Streets Fund

Cabinet considered a report of Councillor G Baxter MBE, Leader of the Council and Portfolio Holder for Corporate Strategy and Transformation, which informed Members of a recent call for bids to the Future High Streets Fund and to recommend the submission of a bid for one of North East Derbyshire District's four towns to the Expression of Interest stage.

The fund aimed to support local authorities by co-funding transformative and structural changes to overcome challenges affecting town centres and declining high streets.

The four towns within the District were considered in order to put forward a proposal supported by the strongest evidence base. The relevant parish councils were given an opportunity to submit proposals or comments, and a representation had been received from Eckington Parish Council.

One Public Estate locality review was advanced in Clay Cross and was likely to produce valuable intelligence on the town centre. It was therefore proposed that Clay Cross form the basis of the Expression of Interest bid. Other towns would be considered for bids in future years.

RESOLVED – That an Expression of Interest bid in respect of Clay Cross be submitted to a Future High Streets Fund.

REASON FOR DECISION – To maximise the Council's opportunity for securing an invitation to proceed to a full application stage of the Future High Street fund.

OTHER OPTIONS CONSIDERED AND REJECTED – The three other towns within the District were considered as potential bids, however, Clay Cross was selected as the best opportunity for a successful bid.

(Joint Head of Economic Growth)

559 Urgent Business (Public Session)

There was no urgent business to be considered in the public session at this meeting of Cabinet.