

**DECISIONS SHOULD NOT BE IMPLEMENTED BEFORE
THURSDAY 25 FEBRUARY 2016**

CABINET

11 February 2016

PRESENT – Councillor Dixon (in the Chair); Councillors Copeland, Harker, McEwan A J Scott and Wallis. (6)

INVITEES – Councillors Curry, I G Haszeldine and Mrs Scott. (3)

ALSO IN ATTENDANCE – Councillors Carson, Coultas, Crudass, Donghue, Galletley, Johnson, B Jones, Kelley, Lawton, Lee, Lyonette, Mills, K Nicholson, C Taylor, J Taylor and Tostevin. (16)

APOLOGIES – Councillor C L B Hughes.

C118. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

C119. REPRESENTATIONS – In respect of Minutes C122 and C123 below, representations were made at the meeting from Members and members of the public in attendance at the meeting

C120. HOUSING REVENUE ACCOUNT – MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2020/21 - The Cabinet Member with Adult Social Care and Housing Portfolio introduced the report of the Director of Neighbourhood Services and Resources (previously circulated) requesting that consideration be given to proposals for the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2016/17 in the context of the HRA Medium Term Financial Plan (MTFP) to 2019/20 and the 30 year Business Plan.

The submitted report stated that Councils no longer had the previous levels of flexibility to decide the balance between the levels of service provided to tenants and the levels of rent charged; the Welfare Reform and Work Bill 2015, required a compulsory one per cent reduction in Social and Affordable rents for the next four years, commencing in 2016/17, and as result, all tenants would have an average 77p reduction in their weekly rent; an Equality Impact Assessment had been undertaken; the proposals had been considered and supported by the Customer Panel and Housing Executive; and outlined a number options for generating additional income to partially compensate for the significant loss in rental income

RESOLVED – That, following full consideration of the Equalities Impact Assessment, attached at Appendix 5 of the submitted report, in making the decision, it be recommended to Council, at its special meeting scheduled to be held on 25 February 2016, that:-

- (a) an average weekly rent reduction of one per cent for 2016/17 be implemented giving an average rent of £72.17;
- (b) all social rents be converted to affordable rents as properties become available to let where this would result in an increase in the overall charge;
- (c) garage rents and service charges be increased, as shown in Table 3 of the submitted report, including an administration fee of ten per cent where applicable;
- (d) implement the standard charge from April 2016 for properties previously excluded from pavement crossing and hard-standing charges;
- (e) the budget, attached at Appendix 1 to the submitted report, be approved; and
- (f) the Housing Business Plan, attached at Appendix 2 to the submitted report, be agreed.

REASONS - (a) To enable the Council to deliver an appropriate level of service to tenants to meet housing need and to support the economic growth of the Borough through housing development.

(b) To allow the results of consultation to be considered before final decisions are made.

C121. PRUDENTIAL INDICATORS and TREASURY MANAGEMENT STRATEGY REPORT 2016/17 - The Cabinet Member with the Efficiency and Resources Portfolio introduced the report of the Director of Neighbourhood Services and Resources (previously circulated) requesting that consideration be given to the Prudential Indicators and Limits for 2016/17 to 2018/19 relating to capital expenditure and Treasury Management activity; a policy statement relating to the Minimum Revenue Provision (MRP); and the Treasury Management Strategy 2016/17, which includes the Investment Strategy for 2016/17.

The submitted report outlined the Council's Prudential Indicators for 2016/17 to 2018/19 and set out the expected treasury operations for this period and it was reported that the Council's capital expenditure plans, treasury management and prudential borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice, prudent, affordable and sustainable and were an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

Changes to the Council's MRP policy were outlined in the submitted report, this included the use of overprovisions made in prior years and the change from straight line and reducing balance method of repayment to an annuity method for all categories of debt, which would allow savings to the MTFP and would apply to 2015/16 and future years.

The report also included a Treasury Management Strategy for 2016/17 covering the Council's debt and investment projections, estimates and limits on future debt, expected movements in interest rates and the Council's borrowing and investment strategies for future years. Key objectives of the investment strategy were outlined noting that the primary objective being safeguarding of the repayment of principal and interest due to the Council, ensuring liquidity of those investments and finally the rate of return on the

investment. No significant changes to the previous strategy were proposed, however, there were minor changes to the rating criteria which might affect the counterparty list.

The Council's Audit Committee considered the report at a special meeting held on 29 January 2016, under their responsibilities for ensuring effective scrutiny of the Treasury Management and its policies. It was reported at the meeting that at a national level the external auditors were positive about the principles that were being used by Councils, including Darlington, to make use of overprovisions and re-profile MRP payments to allow savings to the MTFP, although the calculations would be subject to audit through normal procedures. The Audit Committee resolved that it was satisfied with the Prudential Indicators and the Treasury Management Strategy.

RESOLVED – That it be recommended to Council, at its special meeting scheduled to be held on 25 February 2016, that:-

(a) the Prudential Indicators and limits for 2016/17 to 2018/19, as summarised in Tables 1 and 2 of the submitted report, be approved;

(b) the Minimum Revenue Provision (MRP) statement, as contained within paragraph 37 of the submitted report, be approved;

(c) the Treasury Management Strategy 2016/17 to 2018/19, as summarised in paragraphs 44 to 72 of the submitted report, be approved; and

(d) the Annual Investment Strategy 2016/17, as contained in paragraphs 73 to 110 of the submitted report, be approved.

REASONS - (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities and the Department for Communities and Local Government (CLG) guidance on investments.

(b) To comply with the requirements of the Local Government Act 2003.

(c) To approve a framework for officers to work within when making investment decisions.

C122. MEDIUM TERM FINANCIAL PLAN – PHASE 1 - The Leader introduced the report of the Chief Officers Executive (previously circulated) requesting that consideration be given to setting a budget and council tax for 2016/17, including Phase 1 the 2016/17 Medium Term Financial Plan (MTFP) (also previously circulated).

The submitted report stated that between the financial years 2010/11 to 2015/16 this Council had faced unprecedented challenges as a result of the economic downturn and reductions in public sector spending; the forthcoming year would see an overall decrease in government funding of £37.3M; to date this had resulted in the Council agreeing reductions in planned expenditure of £35.4M leading to a reduction of 572 in the Council's workforce; there had been further funding reductions and in particular Revenue Support Grant and Public Health Grant; and that a two stage approach to the setting of the budget had been adopted this year.

References were made to the projected expenditure; debt re-profiling; the Local Government Finance Settlement, which was announced on 17 December 2015; the income from Council Tax and Non Domestic Rates; the Collection fund; other grants that the Council received; the estimated income over the period of the plan; revenue balances; capital expenditure; and internal investment. Particular references were also made to the basic need funding and school condition allocations; the priorities and allocations contained within the Housing Business Plan and the Local Transport Plan; and demands on capital expenditure.

Discussion ensued on the possibility of holding a Council Tax Referendum and the cost involved; and on the proposed reduction in the over-all funding that this Council would receive from the Government.

RESOLVED - (a) That the proposed Revenue Medium Term Financial Plan 2016/17, as summarised in Appendix 7 of the submitted report, be recommended to the special meeting of Council scheduled to be held on 25 February 2016, for approval, including the following :-

- (i) a Council tax increase of 3.9 per cent for 2016/17 and subsequent years; and
- (ii) a Schedule of charges, as set out in Appendix 3 of the submitted report.

(b) That it be noted that the Phase 2 of the Medium Term Financial Plan (Minute C123 below) contains proposals to fund the future MTFP funding deficit.

REASONS - (a) To propose a MTFP for consideration by Council.

(b) To meet the statutory timetable for setting the 2016/17 budget and the council tax.

C123. MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2019/20 - PHASE 2 - The Cabinet Member with the Efficiency and Resources Portfolio introduced the report of the Chief Officers Executive (previously circulated) requesting that consideration be given to a revised Medium Term Financial Plan (MTFP) 2016/17 to 2019/20 (also previously circulated) for consultation.

The submitted report stated that it was projected that this Council would have lost £44M in Government funding in real terms over the period 2010/20; the cost of services this Council must provide was £87.5M in 2019/20 leaving only £2.5M per annum to invest in services it did not have to provide but which added great value to Darlington and its residents; the financial position meant that significant reductions and cessation of services had totalled £10.2M; to deliver the £2.5 investment fund, debt repayments had been rescheduled and revenue balances utilised; and Council Tax had been increased to 3.99 per cent.

Particular references were made to how this Council had managed the financial challenges faced by local government since 2010; the approach taken to deliver the second phase of spending reductions; the core offer; the full set of cuts; the final budget; consultation on the proposals; employee implications; and options for the Darlington Markets.

Discussion ensued on the new Feethams Multi-Storey Car Park; use and cost of agency staff, particularly in Street Scene; relocation of services to and from the Dolphin

Centre including, the Crown Street Library, Register Officer and children's centres; future use of the Crown Street Library building should the service move; closure of the Cockerton Library; cessation of services including the mobile library and preventative services; adult social care; cost of caring for 'Looked After' children; christmas lights and the water feature; the options for the Darlington Markets; the Council Tax support grant for parishes; economic development and regeneration, including the loss of jobs in the town; Theatre Hulaballoon; Head of Steam; services for children; timeline for implementing the proposals and engaging with the public; the role of scrutiny in the consultation process; the arts; allowances paid to Members; the Council's statutory functions; and the possibility of implementing a scheme whereby businesses invest 'social' capital in the town.

RESOLVED -(a) That the Medium Term Financial Plan, as set out in Appendix 5 of the submitted report, be agreed for consultation including :-

- (i) 3.99% Council Tax increase each year; and
- (ii) reductions, as set out in Appendix 4 of the submitted report.

(b) That the Council's Indoor and Outdoor Markets be offered for sale or lease to interested parties, as detailed in the submitted report.

REASONS - (a) To allow consultation on the MTFP proposals to proceed and to enable decisions to be taken by Special Council on 26 June 2016.

(b) To gain investment to make Darlington markets sustainable.

**DECISIONS DATED –
WEDNESDAY 17 FEBRUARY 2016**