

CABINET
17 February 2015

PRESENT - Councillor Dixon (in the Chair); Councillors Copeland, Harker, C L B Hughes, D A Lyonette, McEwan and Wallis. (7)

APLOGIES – Councillor A. J. Scott

INVITEES – Councillor Johnson (1)

ALSO IN ATTENDANCE – Councillor Crichlow

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

C119. REPRESENTATIONS – No representations were made by Members or members of the public in attendance at the meeting.

C120. KEY DECISIONS – (1) Medium Term Financial Plan 2015/16 TO 2019/20 - The Leader introduced the report of the Chief Officers Executive (previously circulated) proposing a Revenue Medium Term Financial Plan (MTFP) for 2015/16 to 2019/20 (also previously circulated), including the setting of a budget for 2015/16.

The submitted report stated that the Council had been proactive in adapting to an environment of significant service pressure and resource reductions; during the period 2010/11 to 2015/16 there had been a £23.3m cash reduction in government grant which in real terms (after taking inflation into account) equated to £33.7m; the reductions were being made in the context of rising demand for services; the majority of spending reductions to date had been achieved without direct impact on the public, although it was regrettable a significant number of jobs had been lost in the process; and that the 2014/15 to 2019/20 MTFP had set out a forward strategy and phased approach to achieve the significant savings required over the period focusing its planning and resources in three key areas namely building strong communities, spending wisely by maximising every public service pound spent and growing the economy.

RESOLVED – That the proposed Revenue Medium Term Financial Plan, as summarised in Appendix 7 appended to the submitted report, be recommended to Council for approval at its meeting scheduled to be held on 26 February 2015 including:-

- (a) a 1.99 per cent Council Tax increase for 2015/16 and subsequent years;
- (b) the schedule of charges, as set out in Appendix 3 appended to the submitted report;
- (c) use of a further £3.754m of revenue balances to fund revenue expenditure;
- (d) the transfer of £2.0m to the decommissioning and redundancy reserve fund; and

- (e) additional resources of £465,000 for the continuation of the services currently covered by the Local Welfare Provision Grant.

REASONS - (a) To propose a Medium Term Financial Plan for consideration by Council.

(b) To meet the statutory timetable for setting the 2015/16 budget and the Council Tax.

(2) Capital Programme - 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 2015/16 Capital Programme (also previously circulated).

The submitted report stated that capital expenditure was significant 'one-off' expenditure used to purchase or improve assets to enable the Council to deliver its priorities; the majority of the funding for capital expenditure for Schools and Transport was received from government grants and for housing improvements from the Housing Revenue Account (HRA); the allocation of spending on those three priority areas was subject to on-going programmes and agreed outcome; the Council could supplement Government Capital funding from its own resources such as capital receipts and borrowing; and that there was a need to maintain the many buildings and assets which the Council owned and provision for this needed to be made within the Council's overall financial strategy.

RESOLVED - That the proposed Capital Medium Term Financial Plan 2015/16 to 2018/19, as appended at to the submitted report, be recommended to Council for approval at its meeting scheduled to be held on 27 February 2014.

REASON - To provide funding for capital schemes.

(3). Housing Revenue Account – Medium Term Financial Plan 2015/16 TO 2019/20
- The Cabinet Member with the 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 2015/16, in the context of the HRA Medium Term Financial Plan to 2019/20 and 30 year Business Plan.

The submitted report stated that changes to the HRA financial regime had increased flexibility in how finances could be managed generally although restrictions remain in place on borrowing; the report recommended the continuation of past practice to increase rents in line with the maximum allowed by government for the purpose of calculating housing benefit payments, to ensure sufficient funds for investment in housing stock; a smaller rent increase could be implemented with a corresponding reduction in capital investment; the proposed rent increase is an average of 3.43 per cent; 71 per cent of tenants would have the increase covered by benefits payments; an Equality Impact Assessment had been undertaken; and the Business Plan for investment proposed the building of up to 90 new dwellings in addition to the 78 dwellings previous approved in addition to ongoing improvements to existing stock.

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 meeting scheduled to be held on 26 February 2015, that:-

- (a) an average weekly rent increase for 2015/16 of 3.43 per cent be implemented, giving an average rent of £72.94;
- (b) garage rents and service charges be increased, as shown in Table 1 of the submitted report;
- (c) the budget, attached at Appendix 1 to the submitted report, be approved; and
- (d) the Housing Business Plan, attached at Appendix 2 to the submitted report, be agreed.

REASONS - 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.

(4). Prudential Indicators and Treasury Management Strategy 2015/16 - 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 adopting the Prudential Indicators and Limits for 2015/16 to 2017/18 relating to capital expenditure and treasury management activity; a policy statement relating to Minimum Revenue Provision; and the Treasury Management Strategy 2014/15, which includes the Investment Strategy for 2014/15.

The submitted report outlined the Council's Prudential Indicators for 2015/16 – 2017/18 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.

The report also included a Treasury Management Strategy for 2015/16 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. With the key objectives in mind a suite of benchmarks monitoring security, liquidity and the yield of investments were agreed.

The Council's Audit Committee considered the report at its meeting held on 6 February 2015, under its responsibilities for ensuring effective scrutiny of Treasury Management and its policies; and resolved that it was satisfied with the prudential indicators and the Treasury Management Strategy.

RESOLVED – That it be recommended to Council, at its meeting scheduled to be held on 27 February, 2014, that:-

- (a) the Prudential Indicators and limits for 2015/16 to 2017/18, as summarised in Tables 1 and 2 of the submitted report, be approved;
- (b) the Minimum Revenue Provision (MRP) statement contained within paragraph 29 of the submitted report, which included a change in calculation, for Capital expenditure incurred before 1 April 2008 and future expenditure supported through revenue support grant, from four per cent of the opening balance to two per cent including the financial year 2014/15, be approved;
- (c) the Treasury Management Strategy 2015/16 to 2017/18, as summarised in paragraphs 38 to 59 of the submitted report, be approved; and
- (d) the Annual Investment Strategy 2015/16, as contained in paragraphs 60 to 94 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.

**DECISIONS DATED –
FRIDAY 20 FEBRUARY 2015**