

CABINET

14 February 2017

PRESENT – Councillor Dixon (in the Chair); Councillors Copeland, Harker, C L B Hughes, McEwan, A J Scott and Wallis. (7)

INVITEES – Councillors Curry and Mrs H Scott. (2)

ALSO IN ATTENDANCE – Councillors Crichlow, Johnson and Tostevin. (3)

C121. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

C122. REPRESENTATIONS – In respect of Minutes C123 and C124 below, representations were made by a Member in attendance at the meeting.

C123. PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2017/18 - 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 2017/18 to 2019/20, relating to capital expenditure and Treasury Management activity; a policy statement relating to the Minimum Revenue Provision; and the Treasury Management Strategy 2017/18, which includes the Investment Strategy for 2017/18.

The submitted report outlined the Council's Prudential Indicators for 2017/18 to 2019/20 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 submitted report also included a Treasury Management Strategy for 2017/18, 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 was the safeguarding of the repayment of principal due to the Council, ensuring adequate liquidity of those investments and finally the rate of return on the investment.

It was reported that the Council's Audit Committee, under their responsibilities for ensuring effective scrutiny of the Treasury Management Strategy and its policies, had considered the report and resolved that they were satisfied with the Prudential Indicators, the Treasury Management Strategy and Minimum Reserve Position, as presented therein.

A Member in attendance at the meeting addressed Cabinet in respect of the funding of the Housing Revenue Account (HRA) and to the estimated debt figures, as detailed in Table 10 of the submitted report. The Cabinet Member with the Efficiency and Resources Portfolio and the Director Neighbourhood Services and Resources responded thereon.

RESOLVED – That it be recommended to the Special Meeting of Council scheduled to be held on 28 February 2017, that:-

(a) the Prudential Indicators and Limits for 2017/18 to 2019/20, as summarised in Tables 1 and 2 of the submitted report, be approved;

(b) the Minimum Revenue Provision (MRP) Statement, as detailed in Paragraph 27 of the submitted report, be approved;

(c) the Treasury Management Strategy 2017/18 to 2019/20, as summarised in Paragraphs 35 to 102 of the submitted report, be approved; and

(d) the Annual Investment Strategy 2017/18, as contained in Paragraphs 65 to 102 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 (DCLG) 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.

C124. MEDUM TERM FINANCIAL PLAN – Pursuant to Minute C92/Dec/16, the Leader introduced the report of the Chief Officers Executive (previously circulated) proposing a 2017/18 to 2020/21 Revenue Medium Term Financial Plan (MTFP), including setting a budget for 2017/18 and the Council Tax, and a 2017/18 to 2020/21 Capital Programme.

The submitted report stated that the Council had faced unprecedented financial challenges between the financial years 2010/11 to 2016/17, following reductions in public sector spending, as the Government responded to the worldwide economic downturn, leading to an overall decrease in real terms in government funding of £37.3m, which was anticipated to increase to £44.5m by 2020/21 and that in agreeing the MTFP 2016/17 to 2019/20, it was acknowledged that spending would need to be further reduced by £12m per annum by 2019/20.

It was reported that since the draft MTFP was proposed in December 2016, the Local Government Financial Settlement had been received and, as anticipated, there were no indications that the austerity measures would improve. The Efficiency Statement guaranteed the Revenue Support Grant figures, as published, however, it only gave certainty over a small and decreasing element of the Council's revenue stream.

The submitted report also stated that a significant consultation exercise that had been undertaken in 2016, following an in-depth and detailed review of all services, resulting in the agreement of a Core Offer budget by Council on 29 June 2016 (Minute 11(h)/Jun/16 refers); delivering the Core Offer would be extremely challenging; and that although further pressures had arisen the Council could still deliver the agreed plan, it needed to pursue with vigour the three conditions of Building Strong Communities, Spending Wisely and Growing the Economy. It was reported that although the overall projected overspend on the draft MTFP, as reported to Cabinet in December had reduced further, expenditure was still higher than the current approved MTFP.

A Member in attendance at the meeting addressed Cabinet in respect of a number of issues relating to the MTFP, namely the spending power of the Council, which he felt had increased rather than decreased since 2010; the level of deficit and reserves; and the schedule of charges. The Leader, Cabinet Member with the Efficiency and Resources Portfolio and the Director of Neighbourhood Services responded thereon and in doing so made reference to the amount of additional services that had been transferred to the Council and to the impact of inflation on the Council's budget since 2010.

Discussion ensued on the changes over recent years to the proportion of funding the Council received from grants and the amount raised via Council Tax; the issue of pot holes and the 'pot hole' grant that was available; funding of Adult Social Care; the pressures on the Adult and Childrens Services' budgets; and the impact of paying the 'living wage', particularly in Adult Social Care.

RESOLVED – That the Revenue Medium Term Financial Plan, as set out in Appendix 7 of the submitted report, and the proposed Capital Programme, as summarised in Appendix 9 of the submitted report, be recommended for approval to the Special Meeting of Council scheduled to be held on the 28 February 2017 including the following :-

- (a) a Council Tax increase of 1.99 per cent plus the three per cent social care levy to help fund Adult Social Care for 2017/18;
- (b) the Schedule of Charges, as set out in Appendix 3 of the submitted report, and
- (c) the use of capital receipts to assist in funding the Medium Term Financial Plan.

REASON – (a) The Council must set a budget for the next financial year.

(b) To enable the Council to continue to plan services and finances over the medium term

(c) To ensure decisions can be made in a timely manner.

(NOTE – All Cabinet Members voted in favour of the recommendations detailed above).

C125. HOUSING REVENUE ACCOUNT – MEDIUM TERM FINANCIAL PLAN 2017/18 TO 2021/22 - 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 the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2017/18 in the context of the HRA Medium Term Financial Plan 2021/22 and the 30 Year Business Plan (both also previously circulated).

The submitted report stated that the Government had introduced a compulsory one per cent reduction in social and affordable rents for four years commencing in 2016/17, through the Welfare Reform and Work Bill 2015, and as a result, all Council tenants would receive an average 68p reduction in weekly rent in 2017/18. The Equality Impact Assessment that had been undertaken was appended to the submitted report, to enable Members to understand the full impact of the proposed rent and service charges.

It was reported that the proposals contained within the submitted report had been considered and supported by the Customer Panel and the Housing Executive.

RESOLVED – That it be recommended to the Special Meeting of Council scheduled to be held on 28 February 2017, that:-

(a) the Equalities Impact Assessment, as appended at Appendix 1 to the submitted report, be given full consideration before making any decisions;

(b) an average weekly social rent reduction of one per cent for 2017/18 be implemented giving an average rent of £71.49;

(c) garage rents and service charges be increased, as shown in Table 3 of the submitted report;

(d) the budget, as attached at Appendix 2 of the submitted report, be approved; and

(e) the Housing Business Plan, as appended at Appendix 3 of 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.

(NOTE – All Cabinet Members voted in favour of the recommendations detailed above).

**DECISIONS DATED –
FRIDAY 17 FEBRUARY 2017**