

## **COUNCIL**

Thursday, 21 February 2019

**PRESENT** – The Mayor, Councillors Carson, Coultas, Crichlow, Crudass, Crumbie, Mrs Culley, Curry, Donoghue, Galletley, Harker, Haszeldine, Heslop, Johnson, B Jones, Kane, Knowles, Lawton, Lister, Lyonette, Marshall, McEwan, Newall, M Nicholson, Nutt, S Richmond, E A Richmond, A J Scott, Mrs H Scott, Storr, C Taylor, J Taylor, Tostevin and Wallis

**APOLOGIES** – Councillors Baldwin, Cossins, Grundy, C L B Hughes, Mrs D Jones, Kelley, Lee, Mills, K Nicholson, Rahman and York

**ABSENT** – Councillors Cartwright, Dixon, L Hughes, Kelly and Wright

### **48 DECLARATIONS OF INTEREST.**

There were no declarations of interest reported at the meeting.

### **49 MEDIUM TERM FINANCIAL PLAN**

The Chief Officers Executive submitted a report (previously circulated) to seek approval for a Medium Term Financial Plan (MTFP) for 2019/20 to 2022/23, including setting a budget and Council Tax increase for 2019/20, and a 2019/20 to 2022/23 Capital Programme.

The submitted report stated that the Council had faced unprecedented financial challenges between the financial years 2010/11 to 2019/20, following the introduction of reductions in public sector spending. It was reported that, during the period to date, there had been an overall real terms decrease in government funding of £45.7m, which was anticipated to increase to £50.0m by 2022/23, and which had resulted in the Council agreeing reductions in planned expenditure of over £57m, leading to a reduction of 747 in the Council's workforce.

The submitted report highlighted that, since the draft MTFP was published, there had been a number of changes which affected the financial position, including the receipt of the Local Government Finance Settlement (LGFS) on 13 December 2018, which had confirmed the reduction of £2.8m in the revenue support grant and the extra one-off funding for social care of £0.856m announced in the 2018 budget. The submitted report stated that there was also additional funding of £0.346m allocated to Darlington, which was the distribution of surplus levy funding, and also some smaller increases in Top up Grant and New Homes Bonus at £0.020m and £0.038m respectively.

It was reported that a Treasury Management initiative had seen two Lender Option Borrower Option loans repaid, which resulted in a saving of £1.5m over the lifetime of the MTFP.

The submitted report outlined that the Council had undertaken a significant

consultation exercise in 2016, following an in-depth and detailed review of all services, which had resulted in the agreement of a Core Offer budget and allowed for a small futures fund allocated to discretionary services. In addition, in February 2018, when agreeing the 2018/19 MTFP Members, following consultation, agreed to use unallocated balances of £4.1m to invest in five areas which hold great value to the community. The submitted report stated that the core offer remained challenging, with some significant pressures arising in children's social care, however through innovative financial investments, economic growth successes, and the release of redundant earmarked reserves, it was anticipated that the Council could deliver the agreed balanced plan, extend the MTFP, increase balances, and allocate a further £0.600m to bolster the Future Fund Scheme.

In accordance with the requirements of the Budget and Policy Framework Rules a vote on the recommendation was taken of those Members present at the meeting and there appeared:-

**For the Motion** – The Mayor; Councillors Carson, Coultas, Crichlow, Crudass, Crumbie, Mrs. Culley, Curry, Donoghue, Galletley, Harker, Haszeldine, Heslop, Johnson, B. Jones, Kane, Knowles, Lister, Lyonette, Marshall, McEwan, Newall, M. Nicholson, Nutt, E. A. Richmond, S. Richmond, A. J. Scott, Mrs. H. Scott, Storr, C. Taylor, J. Taylor, Tostevin and Wallis (33)

**Against the Motion** – (0)

**Abstentions** – (0)

**Motion Carried.**

**NOTE:** Councillor Lawton was not present at the meeting when the vote was taken.

**RESOLVED** - (a) That the Revenue MTFP, as detailed in Appendix 7 of the submitted report, be approved, including the following:

- (i) Council tax increase of 2.99% for 2019/20;
- (ii) Schedule of charges, as detailed in Appendix 3 of the submitted report.

(b) That a delegation for Cabinet to vary the Revenue Budget for 2019/20 by up to £0.5m without further Council approval, be approved.

(c) That the Capital Programme, as summarised in Appendix 9 of the submitted report, be approved.

(d) That a delegation for Cabinet to vary the Capital Budget for 2019/20 by up to £0.5m without further Council approval, be approved.

**REASONS** - (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.

## 50 SETTING THE COUNCIL TAX FOR 2019/20

The Managing Director submitted a report (previously circulated) requesting that consideration be given to setting this Council's Council Tax for 2019/2020, which was required to be set before 11th March 2019.

In accordance with the requirements of the Budget and Policy Framework Rules a vote on the recommendation was taken of those Members present at the meeting and there appeared:-

**For the Motion** – The Mayor; Councillors Carson, Coultas, Crichlow, Crudass, Crumbie, Mrs. Culley, Curry, Donoghue, Galletley, Harker, Haszeldine, Heslop, Johnson, B. Jones, Kane, Knowles, Lister, Lyonette, Marshall, McEwan, Newall, M. Nicholson, Nutt, E. A. Richmond, S. Richmond, A. J. Scott, Mrs. H. Scott, Storr, C. Taylor, J. Taylor, Tostevin and Wallis (33)

**Against the Motion** – (0)

**Abstentions** – (0)

**Motion Carried.**

**NOTE:** Councillor Lawton was not present at the meeting when the vote was taken.

RESOLVED - (a) That the following amounts be calculated by the Council for 2019/20 in accordance with sections 31 to 36 of the Act and relevant regulations:-

(i)	the aggregate of the amount which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils, which is its expenditure	£223,852,448
(ii)	the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act, which is its income	£174,182,000
(iii)	the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 31A(4) of the Act as its Council Tax Requirement	£49,670,448
(iv)	The amount at item 5(iii) above, divided by the council tax base in paragraph 13 below, calculated by the Council in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including Parish Precepts)	£1,510.95
(v)	the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act as detailed in Appendix 1 of the submitted report	£174,448

- (vi) the amount at 5(iv) above less the result given by dividing the amount at 5(v) above by the amount at paragraph 13 below, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates £1,505.64
- (vii) That the basic council tax for 2019/20 calculated for dwellings in those areas that have parish precepts be as set out in Appendix 1, column 5, of the submitted report
- (viii) That the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in Appendix 2 of the submitted report as the amount of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings

(b) That it be noted that for the year 2019/20, the Office of the Durham Police, Crime and Victims' Commissioner has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown : -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	136.83	159.63	182.44	205.24	250.85	296.46	342.07	410.48

(c) That it be noted that for the year 2019/20 County Durham and Darlington Fire and Rescue Service has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	69.00	80.50	92.00	103.50	126.50	149.50	172.50	207.00

(d) That the Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in Appendix 3 as the amounts of council tax for 2019/20 for each of the categories of dwellings.

REASON - To set the Council Tax for the Council's area in accordance with statutory requirements.

## 51 HOUSING REVENUE ACCOUNT - MTFP 2019/20 - 2022/23

The Director of Economic Growth and Neighbourhood Services submitted a report (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 2019/20 in the context of the HRA Medium Term Financial Plan to 2022/23, and the 30 year business plan.

The submitted report stated that the Government had introduced a compulsory 1% reduction in social and affordable rents through the Welfare Reform and Work Bill 2015, and that therefore all Council tenants would receive an average 61p reduction in weekly rent. It was stated that, where appropriate, some service charges had an inflationary increase. The submitted report highlighted that the Government had lifted the borrowing cap on the HRA, and this meant that the Council could increase its housing capital programme by £12m in 2019/20 alone, which would be supplemented by a Homes England grant, which meant that the Council would be able to build 100 affordable homes per annum over the next 10 years.

RESOLVED - (a) That an average weekly social rent reduction of 1% for 2019/20 be implemented, giving an average social rent of £70.53 and affordable rent of £77.92;

(b) That garage rents and service charges are increased as detailed in Table 3 of the submitted report;

(c) That the budget, as detailed in Appendix 1 of the submitted report, be approved.

(d) That the Housing Business Plan, as detailed in Appendix 2 of the submitted report, be agreed.

REASON - 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.

## **52 DARLINGTON CAPITAL STRATEGY**

The Managing Director submitted a report (previously circulated) requesting that consideration be given to the Council's proposed Capital Strategy for 2019/20.

The submitted report stated that the production of a Capital Strategy was a new requirement for Council's from April 2019, following the publication of the revised Prudential Code for Capital Finance in Local Authorities 2017. It was reported that the Strategy provided an overview of how capital expenditure and financing plans are decided upon, and provided a framework for the development, management and monitoring of the Council's capital investment plans. The submitted report stated that the Strategy also highlighted the resource streams available in terms of funding to the Council and the risk management approach taken.

RESOLVED - That the Capital Strategy for 2019/20 – 2022/2023, as detailed in Appendix One of the submitted report, be approved;

REASONS - (a) To ensure the Council adopts the Prudential Code for Capital Finance 2017.

(b) The Strategy is approved by Council.

## **53 MID YEAR PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT MONITORING REPORT 2018/19**

The Managing Director submitted a report (previously circulated) requesting approval of the revised Treasury Management Strategy, Prudential Indicators, and provided a half-yearly review of the Council's borrowing and investment activities.

The submitted report stated that the Prudential Indicators were examined by the Audit Committee on 30 January 2019, and it was agreed at that meeting that the updated Prudential Indicators and revised Operational Boundary and Authorised Limit for borrowing be referred to Council, via Cabinet, for approval. It was also reported that the Audit Committee was satisfied with the Council's borrowing and investment activities, the reported Prudential Indicators, and the revised borrowing limits.

The Prudential Indicators were set in three statutory annual reports to Council, and the submitted report followed the Council's approval in February 2018 of the 2018/19 Prudential Indicators and Treasury Management Strategy. The key objectives of the three annual reports were to ensure that governance of the large amounts of public money under the Council's Treasury Management activities complied with legislation and met the high standards set out in the codes of practice, to ensure that borrowing was affordable, and to report performance of the key activities of borrowing and investments.

The submitted report also outlined the key proposed revision to the Prudential Indicators, which related to the Operational Boundary, which would reduce to £300.653m, and the Authorised Limit to £315.686M to allow for any additional cash flow requirement.

RESOLVED - (a) That the revised prudential indicators and limits, as detailed in Tables 1 to 6, 8 and 15 to 18 of the submitted report, are examined.

(b) That the reduction in the Treasury Management Budget (Financing Costs) of £0.590m, as detailed in Table 12 of the submitted report, be noted.

REASONS - (a) To comply with the Prudential Code for Capital Finance in Local Authorities;

(b) To inform Members of the performance of the Treasury Management function;

(c) To comply with the Local Government Act 2003;

(d) To enable further improvements to be made in the Council's Treasury Management function.

## **54 PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2019/20**

The Managing Director submitted a report (previously circulated) which requested that Council adopt the Prudential Indicators and Limits for 2019/20 to 2021/22 relating to capital expenditure and Treasury Management activity, a policy statement relating to the Minimum Revenue Provision, and the Treasury Management Strategy 2019/20, which includes the Annual Investment Strategy for 2019/20.

The submitted report outlined the Council's Prudential Indicators for 2019/20 –

2021/22, and set out the expected treasury operations for this period. It was stated that the report fulfilled key legislative and guidance requirements.

The information contained within the submitted report regarding 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 an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

RESOLVED - (a) That the Prudential Indicators and limits for 2019/20 to 2021/22, as summarised in Tables 1 and 2 of the submitted report, be approved and adopted;

(b) That the Minimum Revenue Provision (MRP) statement, as detailed in paragraphs 37 to 41 of the submitted report, be approved and adopted;

(c) That the Treasury Management Strategy 2019/20 to 2021/22, as summarised in paragraphs 45 to 70 of the submitted report, be approved and adopted;

(d) That the Annual Investment Strategy 2019/20, as contained in paragraphs 71 to 112 of the submitted report, be approved and adopted.

REASONS - (a) 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.

## **55 PAY POLICY STATEMENT 2019/2020**

The Managing Director submitted a report (previously circulated) requesting approval of the Pay Policy Statement for the financial year 2019/2020 in line with the requirements of the Localism Act 2011 and Local Government Transparency Code 2014.

The submitted report stated that the Localism Act 2011 required the Council to agree a written Pay Policy on an annual basis and publish specific information relating to the Council's highest and lowest paid employees.

RESOLVED – That the proposed Pay Policy 2019/20, as detailed at Appendix A of the submitted report, be approved, and arrangements be made to publish the Policy on the Council's internet for public access.

REASON – To enable the Council to comply with the requirements of the Localism Act 2011.

## **56 REQUESTS FOR EXTENSIONS OF NON-ATTENDANCE - COUNCILLORS GRUNDY AND WRIGHT**

The Managing Director submitted a report (previously circulated) requesting that Members give consideration to applications on behalf of Councillors Grundy and Wright for extensions to the six-month period of their non-attendance at meetings due to ill health.

The submitted report highlighted that Section 85 of the Local Government Act 1972 stated that if a Member of a Local Authority failed throughout a period of six consecutive months, from the date of his or her last attendance, to attend any meeting of the authority, he or she shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a Member of the Authority.

It was reported that Councillors Grundy and Wright had not attended any Council or Committee meetings since 27 September 2018, and consequently under the above provisions they would cease to be Members of the Council on 26 March 2019, unless the Council approved the reason for the failure to attend before that date.

RESOLVED – That the failure to attend by reason of illness be approved until Councillors Grundy and Wright’s terms of office end in May 2019.

REASON – To ensure compliance under Section 85 of the Local Government Act 1972.