



## RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on **Wednesday 6 February 2013**.

The decisions will come into force and may be implemented from **18 FEBRUARY 2013** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

### **General Fund Medium Term Financial Plan, 2013/14 – 2016/17 and Revenue and Capital Budget 2013/14**

**Key Decision: CORP/A/10/12/1**

#### **Summary**

The Cabinet considered a joint report of the Corporate Director, Resources and the Assistant Chief Executive that provided comprehensive financial information to enable Cabinet to agree a 2013/14 balanced revenue budget; an outline medium term financial plan for 2014/15 to 2016/17 and a fully funded capital programme for recommendation to the County Council meeting on 20 February 2013.

The council has faced unprecedented reductions in Government grants since the 2010 Comprehensive Spending Review (CSR) when the expectation for local government was a 28% cut in Government grant for the period 2011/12 to 2014/15. Since then, the position has deteriorated for local government and in total, it is forecast that Government support for the council over the six year period 2011–2017 will reduce by £139m. This equates to a 36% reduction in Government support over this period.

The December 2012 Autumn Statement reported that public sector expenditure reductions will need to continue until at least 2017/18 which is a further three years of funding reductions beyond the current comprehensive spending review period to 31 March 2015. It is estimated that Government funding to local government will have reduced further by 40% by 2017/18.

The Council's provisional funding baseline for 2013/14 announced by the Government on 19 December 2012 is £249.5m which is £9.2m less than our 2012/13 allocation. The final government settlement is expected by the first week in February.

After also taking into account estimated base budget pressures and growth in some council priority service areas, the medium term financial plan forecast requires the council to deliver £95.1m savings between 2013/14 and 2016/17. This is in addition

to the £93m of savings that the council has had to make in 2011/12 and 2012/13 to balance its budgets.

The total savings therefore for the six year period 2011/12 to 2016/17 are estimated to be £188.1m with the figure expected to exceed £200m by 2017/18.

The 2013/14 budget requires savings of £20.9m to achieve a balanced net revenue budget of £457.776m.

The savings to achieve the 2013/14 balanced budget set out in the report are aligned to the council's original budget strategy that was agreed in June 2010, which was supported by the public following extensive consultation. The council's strategy continues to be to protect front line services wherever possible, including reducing management and support services costs; to invest in priority service areas whilst at the same time limiting council tax increases for council tax payers during the continuing period of recession.

The council continues to be successful in delivering savings against its original budget strategy. Although the 2013/14 budget requires the delivery of further savings of £20.9m, there are a number of key service areas that have been protected and some services where the budget has been able to be increased for the benefit of council tax payers including:

- For the fourth consecutive year, the council tax bills for council tax payers will stay the same, should the council accept the Government's Council Tax Freeze Grant of £2m which is the equivalent to the amount of income the council would receive from a 1% council tax increase. Council tax bills may still go up should the Police and Fire authorities increase their precepts and for those payers living in parished areas should their parish council choose to increase their precept.
- Increasing the Adult Social Care budget by £1m in recognition of the increasing demands on the council due to demographic changes and more people becoming dependent upon these services. This is in line with the priorities identified through consultation.
- Protecting all 65,000 households in receipt of council tax benefit under the local council tax support scheme despite a 10% cut in government funding.
- Protecting the highways winter maintenance programme in order to keep our main highways infrastructure open for the public. Again this is in line with public consultation findings.
- A key priority of the capital programme is to stimulate regeneration and job creation across the county. In line with the Council's key priority to stimulate regeneration and job creation across the county, an additional £3.25m of revenue has been allocated to fund prudential borrowing to invest in new and current capital projects amounting to £159m in 2013/14 with a total programme for the period 2013/14 to 2016/17 of £315m.

- A full list of new projects was appended to the report which includes two new household waste recycling centres at Crook and Stainton Grove and a new customer access point in Stanley.

In December 2012, an extensive consultation process led to over 1,500 people giving their views on how the council has managed spending reductions so far, the impact that the reductions have had to date and ideas for making further reductions in the future. The main findings were:

- A high level of satisfaction with how the council has managed a difficult process so far. On a scale of 1 to 10, with 10 being excellent, the mean score from AAP forums was 8 and 7 for the citizen's panel.
- A greater awareness amongst the public of central government cuts rather than the council's financial situation and how it is responding locally.
- 40% of respondents felt the move to alternate weekly refuse/recycling collections was positive compared to 12% who felt it had a negative impact.
- The largest response to some of the significant changes that the council has implemented to date was that there had been 'no impact' upon the public. However, there was a net negative impact reported for changes to contracted bus services and home to school transport.
- Suggestions and comments for managing further spending reductions fell into four categories: how we manage the reductions with a strong desire for continued public involvement; improving financial efficiency; council structures and service delivery; and specific service changes and improvements.

## **Decision**

The Cabinet agreed to make the following recommendations to Council, under the subject headings listed below:

### **a) 2013/14 Revenue Budget and Council Tax**

- (i) Approve the identified base budget pressures.
- (ii) Approve the investments detailed in the report.
- (iii) Approve the savings plans detailed in the report.
- (iv) Approve the acceptance of the Council Tax Freeze Grant for 2013/14 and thereby leave the County Council Tax level unchanged for the fourth consecutive year.
- (v) Approve the 2013/14 Net Budget Requirement of £457.776m.

### **b) MTFP (3) and Financial Reserves**

- (i) Note the forecast 2013/14-2016/17 MTFP(3) Financial Position.
- (ii) Set aside sufficient sums in Earmarked Reserves as is considered prudent. The Corporate Director Resources will be

authorised to establish such reserves as required, to review them for both adequacy and purpose on a regular basis reporting appropriate to the Cabinet Portfolio Member for Resources and to Cabinet.

- (iii) Aim to maintain General Reserves in the medium term at up to 7.5% of the Net Budget Requirement which in cash terms equates to up to 35m.

**c) Capital Budget**

- (i) Approve the revised 2012/13 Capital Budget of £142.171m detailed in Table 9.
- (ii) Approve that the additional schemes detailed in Appendix 7 be included in the Capital Budget. These capital schemes will be financed from the additional capital grants, from Capital Receipts, Prudential Borrowing and from Service Grouping budget transfers.
- (iii) Approve the Capital Budget of £314.78m for the 2013/14 – 2016/17 MTFP (3) period detailed in Table 14.

**d) Savings Proposals**

- (i) Note the approach taken by service groupings to achieve the required savings.

**e) Local Government Finance Settlement – 2013/14**

- (i) Note the confirmation of the BRR Start Up Funding Assessment of £278.375m.
- (ii) Note the reduction in Government support of £9.182m in 2013/14.
- (iii) Note the forecast 9.3% reduction in the Start Up Funding Assessment in 2014/15 including a 17.5% reduction in RSG.
- (iv) Note the utilisation of specific grant increases in 2013/14.

**f) Consultation**

- (i) Note the outcome of the consultation carried out as part of the development process for the 2013/14 budget.
- (ii) Note that the suggestions made by the public to help manage the budget reductions have been considered by the council.
- (iii) Agree that the council continue to engage with the public in future budget setting processes and prior to implementing changes to frontline services.

**g) Equality Impact Assessments of the Medium Term Financial Plan**

- (i) Note the equality impacts identified and mitigating actions.
- (ii) Note the programme of future work to ensure full impact assessments are available where appropriate at the point of decision, once all necessary consultations have been completed.
- (iii) Note the ongoing work to assess cumulative impacts over the MTFP period which is regularly reported to Cabinet.

**h) Workforce Considerations**

- (i) Note the position on workforce considerations.

**i) Pay Policy**

- (i) Approve the pay policy statement at Appendix 9.

**j) Risk Assessment**

- (i) Note the key risks to be managed over the MTFP period.

**k) Dedicated Schools Grant**

- (i) Note the position on the Dedicated Schools Grant.

**l) Prudential Code**

- (i) Agree the Prudential Indications and Limits for 2013/14 – 2015/16 contained within the Appendix 10 of the report, including the Authorised Limit Prudential Indicator.
- (ii) Agree the Minimum Revenue Provision (MRP) Statement contained within Appendix 10 which sets out the council's policy on MRP.
- (iii) Agree the Treasury Management Strategy and the treasury Prudential Indicators contained within Appendix 10.
- (iv) Agree the Investment Strategy 2013/14 contained in the Treasury Management Strategy (Appendix 10 and the detailed criteria included in Appendix 10).

**Contract Award for the Digital Durham Programme  
Key Decision CORP/R/13/01**

**Summary**

The Cabinet considered a report of the Corporate Director, Resources requesting that delegated authority be granted to the Corporate Director, Resources in

conjunction with the Portfolio Holder for Resources, to award the Digital Durham contract for the provision of superfast broadband.

Durham County Council, in partnership with Gateshead, Sunderland and the five Tees Valley authorities has started a procurement process to procure an infrastructure delivery partner to provide businesses, homes and communities across the programme areas with much improved broadband services. The programme will provide all areas in County Durham with access to fast speed broadband within the next 5 years.

Following a public consultation exercise during November 2012, the programme issued an Invitation to Tender (ITT) on 19 December 2012 which will allow the programme to meet the Government's Broadband Delivery UK's (BDUK) assurance process and be ready to contract on 1 April 2013. Adherence to this timeline would lead to contract award to the successful bidder by mid-April 2013, which will be during the purdah period due to the election of Durham County Council members on 3 May 2013. To avoid the risk of further delay to the programme and the possibility of losing the slot in the BDUK release schedule, Cabinet was requested to grant delegated authority to award the contract.

### **Decision**

The Cabinet agreed that delegated authority be granted to the Corporate Director, Resources in consultation with the Portfolio Holder for Resources to award the Digital Durham contract.

## **Housing Revenue Account Medium Term Financial Plan 2013/14 to 2016/17 and 2013/14 Budget**

### **Summary**

The Cabinet considered a joint report of the Corporate Director, Resources and Corporate Director, Regeneration and Economic Development providing information to enable Cabinet to make recommendations on the Council's Housing Revenue Account (HRA) Medium Term Financial Plan (MTFP) for 2013/14 budget to the County Council meeting on 20 February 2013.

The HRA provides the income and expenditure associated with the management and maintenance of the Council's housing stock of just under 19,000 dwellings. The Council is required to set an annual HRA budget and set the level of tenants' rents and other charges.

The Council is the largest social landlord in County Durham owning around 40% of all social housing. Under the Government's new system of housing finance from April 2012, the Council is required to plan over the longer term and develop a 30 year HRA Business Plan to manage and maintain its housing assets. The proposed HRA budget for 2013/14, 30 year HRA Business Plan and four-year MTFP are considered in this report.

The headline implications for 2013/14 are summarised below:

- Dwelling rents for 2013/14 to increase in accordance with Government guidelines which results in an overall average increase of 4.04%;
- Average rent per week to increase from £63.13 per week to £65.68 per week – an increase of £2.55 per week on average (on a 52 week basis);
- Increases in garage rents to be linked to the overall average increase in dwelling rents and the proposed charges per week for 2013/14 (on a 52 week basis) are £8.25 (inclusive of VAT) and £6.88 (exclusive of VAT);
- Efficiency savings in housing management costs of £1.65m have been identified for 2013/14, in addition to the £1.35m already delivered in 2012/13 to give a total saving of £3m as required by the HRA MTFP;
- A substantial investment programme of £99m over the next two years - £49m in 2013/14 and £50m in 2014/15.

## Decision

The Cabinet agreed:

- The 30 Year HRA Business Plan (Appendix 3) and four year HRA Medium Term Financial Plan for 2013/14 – 2016/17 (Appendix 4);
- To set dwelling rents for 2013/14 in accordance with Government guidelines which result in an overall average increase of 4.04%;
- To increase garage rents in line with the overall increase in housing rents;
- To establish a financial inclusion fund of £500,000 to support our tenants in the transition to the Government's Welfare Reforms;
- That approval of service charges proposed by the three service providers be delegated to the Head of Economic Development and Housing in consultation with Cabinet Portfolio Holder for Housing and the Head of Finance;
- An HRA capital programme of £49m in 2013/14 and £50m in 2014/15;
- To authorise the Corporate Director - Resources to make appropriate arrangements on borrowing to finance the capital programme;
- The ALMO/INMO management fee levels as follows;
 

○ Durham City Homes	£7,133,000
○ Dale and Valley Homes	£5,406,000
○ East Durham Homes	£11,063,000

## **Council Plan and Service Plans 2013-17**

### **Summary**

The Cabinet considered a report of the Assistant Chief Executive that provided a draft of the Council Plan for 2013-17 for consideration and comment before being submitted for approval by Council on 20 February 2013.

The Council Plan is the overarching high level plan for the County Council. It covers a four year timeframe in line with the Medium Term Financial Plan and it is updated annually. It links closely with the financial planning framework and sets out how the Authority will consider corporate priorities for change and the key actions that will be taken in support of delivering the longer term goals in the Sustainable Community Strategy and the Council's own change agenda. The Council Plan for the forthcoming period has been revised alongside the review of our Medium Term Financial Plan.

The Council Plan is underpinned by a series of Service Plans at a service grouping level. Service Plans provide more detailed information on the actions we are taking to deliver the Council's priorities, plus actions required for other service specific priorities. They have been prepared to a standard format and provide more detailed information on service context, details of strategic links, key actions, resources required and reference to relevant risk assessments.

### **Decision**

The Cabinet:

- Agreed to recommend the Council Plan for approval by full Council on 20 February, subject to any final amendments by the Assistant Chief Executive in consultation with the Leader.
- Agreed to directors having delegated authority in consultation with the relevant portfolio holders to provide final sign-off on their own Service Plan prior to Cabinet.
- Noted that Service Plans are now complete and copies are available on the Council's intranet.

Colette Longbottom  
Head of Legal and Democratic Services  
8 February 2013